HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 25, 2017
APPLICATION SUMMARY

NAME OF PROJECT:	Saint Thomas Rutherford Hospital
PROJECT NUMBER:	CN1707-021
ADDRESS:	1700 Medical Center Parkway Murfreesboro, TN (Rutherford County), TN 37129
LEGAL OWNER:	Saint Thomas Rutherford Hospital 1700 Medical Center Parkway Murfreesboro (Williamson County), TN 37129
OPERATING ENTITY:	N/A
CONTACT PERSON:	Blake Estes (615) 222-7235
DATE FILED:	July 14, 2017
PROJECT COST:	$47,478,943
FINANCING:	Cash Reserves
PURPOSE FOR FILING:	The addition of 72 licensed acute care hospital beds

DESCRIPTION:

Saint Thomas Rutherford Hospital, LLC, (STRH) a general acute care hospital (owned by Ascension Healthcare) located in Murfreesboro (Rutherford County) TN, proposes to increase its licensed inpatient beds from 286 to 358 beds. The project includes the construction of 52,000 square feet of new hospital space and 72 additional licensed medical surgical beds.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

ACUTE CARE BED NEED SERVICES

1. The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year:

   Using the latest utilization and patient origin data from the Joint Annual Report of Hospitals and the most current population projection series from the Department of Health, perform the following:

   Step 1

   Determine the current Average Daily Census (ADC) in each county.

   $$ADC = \frac{\text{Patient Days}}{\text{365 (366 in leap year)}}$$

   Step 2

   To determine the service area population (SAP) in both the current and projected year:

   a. Begin with a list of all the hospital discharges in the state, separated by county, and showing the discharges both by the county where the patient actually lives (resident discharges), and the county in which the patient received medical treatment.

   b. For the county in which the hospital is (or would be) located (service county), determine which other counties have patients who are treated in your county (resident counties). Treat all of the discharges from another state as if that whole state were a single resident county. The total discharges of residents from another state should be calculated from state population estimates and the latest National Center for Health Statistics southeastern discharge rates.

   c. For each resident county, determine what percent of their total resident discharges are discharged from a hospital in your service county (if less than one percent, disregard).

d. For each resident county, apply the percentage determined above to the county's population (both projected and current). Add together the resulting numbers for all the resident counties and add that sum to the projected and current population of your service county. This will give you the service area population (SAP).

Step 3

Determine projected Average Daily Census as:

$$\text{Projected ADC} = \text{Current ADC} \times \frac{\text{Projected SAP}}{\text{Current SAP}}$$

Step 4

Calculate Projected Bed Need for each county as:

Projected Need = Projected ADC + 2.33 x Projected ADC

However, if projected occupancy:

$$\text{Projected Occupancy:} \quad \frac{\text{Projected ADC}}{\text{Projected Need}} \times 100$$

is greater than 80 percent, then calculate projected need:

$$\text{Projected Need} = \frac{\text{Projected ADC}}{.8}$$

Tennessee Department of Health's (TDH) Acute-Care Bed Need Projections Report for 2017 and 2021 indicates the applicant's 5-county service area will have a licensed bed surplus of 326 beds in CY2021 (as reflected in the TDH project summary). The bed surplus projections are based on the number of licensed beds reported to TDH in the CY2015 Joint Annual Report of Hospital providers (JAR), which were 950 licensed beds in the service area minus the calculated 624 needed beds projected for 2021 resulting in a net bed surplus of 326 beds.

It appears that the applicant does not meet this criterion.

2. New hospital beds can be approved in excess of the "need standard for a county" if the following criteria are met:

    a) All existing hospitals in the projected service area have an occupancy level greater than or equal to 80 percent for the most recent Joint Annual Report. Occupancy should be based on the number of licensed beds that are staffed for two consecutive years.

According to the 2015 JAR published by the Tennessee Department of Health, there were 950 licensed and 872 staffed acute care beds in the applicant's service area. The licensed and staffed bed occupancy was 41.7% and 49.1%, respectively during the period.

It appears that this criterion has not been met.

    b) All outstanding CON projects for new acute care beds in the proposed service area are licensed.

TrustPoint Hospital located in Murfreesboro (Rutherford County) has 28 beds yet to be implemented in CN1506-006A and 88 beds yet to be implemented in CN1606-024A. No other hospital has unimplemented projects in the service area.

Note To Agency Members: The applicant notes the TrustPoint Hospital acute care beds approved in CN1502-006A and CN1606-024A are for inpatient medical detoxification, geriatric psychiatric services, and rehabilitation as opposed to the inpatient acute medical-surgical beds proposed by STRH.

It appears that this criterion has not been met.

    c) The Health Facilities Commission may give special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

The applicant is seeking approval of the proposed 72 additional acute care beds under this guideline. The applicant provides the following as justification to request special consideration:

- *The 72 requested acute care beds are part of a specialty inpatient unit to provide care to extended stay outpatient and observation status patients.*
- *The applicant notes STRH qualifies as a tertiary care hospital. The applicant lists 13 services on pages 17 and 18 that qualify STRH as a tertiary hospital.*
- *The applicant indicates patients from STRH's "tertiary" service area counties increased from 3,327 patients in 2014 to 4,297 patients in 2016.*

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

3. For renovation or expansion of an existing licensed healthcare institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The applicant expects adequate demand for the project as a result of the following: 1) increasing inpatient utilization from Rutherford County; 2) increasing inpatient in-migration from throughout the region; 3) increasing observation patient utilization, and; 4) increasing observation patient utilization exceeding 24 hours.

Based upon these general criteria for construction, renovation, and expansion, it appears that this criterion has been met.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Currently, all licensed beds at STRH are currently staffed. The only option for the applicant is a vertical expansion of adding 72 additional acute care beds by adding a 26,000 SF 6th floor and a 26,000 SF 7th floor.

Based upon these general criteria for construction, renovation, and expansion only, it appears that this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.

Application Synopsis

Saint Thomas Rutherford Hospital, formerly known as Middle Tennessee Medical Center, is a 286 bed hospital licensed by the Department of Health, located in Murfreesboro (Rutherford County), TN. If approved, the total licensed bed complement of Saint Thomas Rutherford Hospital will increase from 286 to 358 beds. The proposed 72 additional acute care beds will be part of a vertical expansion that includes the construction of a 6th and 7th floor that will consist of 54,000 SF of space. The projected completion date of the proposed project is July 2020.

Facility Information

- The applicant proposes to construct a 26,000 SF 36 bed med/surg inpatient unit on the hospital's 6th floor, and a 26,000 SF 36 bed med/surg inpatient bed unit on the 7th floor.
- The proposed sixth and seventh floors will have the same room layout and configuration as the existing fifth floor.
- If approved, the applicant's acute med-surg bed complement will consist of 270 private beds.

Ownership

The ownership structure for the applicant is as follows:

- The applicant, Saint Thomas Rutherford Hospital, LLC, is 100% owned by Saint Thomas Health, which is part of Ascension Health.
- Ascension is a non-profit entity and is the largest Catholic hospital system in the United States.

History

- Saint Thomas Rutherford (formerly known as Middle Tennessee Medical Center) was approved at the October 25, 2006 Agency meeting in CN0607-050A to relocate its 286 acute bed licensed facility from 400 Highland Avenue, Murfreesboro (Rutherford County), TN and replace its physical plant with a new 595,931 SF, 286 licensed bed hospital on a 68.5 acre site in the Gateway development in northwest Murfreesboro (Rutherford County), TN.
- This application is requesting 72 additional acute care beds in the first service expansion CON application filed by STRH since the replacement hospital opened in 2010.

****Note to Agency members: Public Chapter 1043, Acts of 2016, includes a provision that permits a hospital, rehabilitation facility, or mental health hospital to increase its licensed bed complement by category by campus by 10% over a 3 year period without obtaining a CON. To date, STRH has not applied to increase its bed complement via this provision.***

NEED

Project Need

The applicant provides the following justification in the application:

- The STRH licensed bed occupancy for the past 12 months has been 87.1% when observation beds, surgical/procedural 23-hour stays, etc. are added into the licensed bed occupancy calculation.

- STRH is unable to place a patient in a bed about half the days in a month, resulting in "holds" being placed on existing inpatient and observation beds.
- The applicant indicates government and commercial payors are using "two midnight" rules and other methods to reduce payment as inpatient hospital stays. On any given day, STRH will have more than 60 patients in a hospital bed, many still undergoing a "status determination" for inpatient or outpatient reimbursement purposes. This can last more than 36 hours, rendering traditional ER holding areas inappropriate.
- The major impact of this project will be to reduce bed occupancy to a more manageable level that includes considering the impact of observation patients utilizing inpatient beds.

Service Area Demographics
Primary Service Area
Saint Thomas Rutherford Hospital's declared primary service area includes Bedford, Cannon, Coffee, Rutherford, and Warren Counties.

Total Population

- The total population of the primary service area is estimated at 485,746 residents in calendar year (CY) 2017 increasing by approximately 8.5% to 527,056 residents in CY 2021.
- The total population of the state of Tennessee is expected to grow 4.4% during the same timeframe.

65+ Population

- The total 65+ age population is estimated at 62,797 residents in CY 2017 increasing approximately 20.8% to 75,867 residents in 2021.
- The 65+ age population in the state of Tennessee overall is expected to increase 18.3% during the same timeframe.

TennCare Population

- The latest 2017 percentage of the primary service area population enrolled in the TennCare program is approximately 18.7%, as compared to the statewide enrollment proportion of 21.1%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization

Inpatient Acute Care Utilization Trends

The reported inpatient service area acute care Joint Annual Report utilization data for the latest three available years is contained in the following table.

2014-2016 Regional Area Acute Care Hospital Beds

Facility	County	2016 Licensed Beds	Patient Days			% Change 2014-2016	Licensed Occupancy		
			2014	2015	2016		2014	2015	2016
Saint Thomas Rutherford Hospital	Rutherford	286	58,744	63,688	76,003	+29.4%	56.3%	61.0%	72.8%
TriStar Stonecrest Medical Center	Rutherford	109	17,480	18,252	18,773	+7.4%	43.9%	45.9%	47.2%
Trustpoint Hospital	Rutherford	101	21,095	26,613	30,915	+46.6%	57.8%	72.9%	83.9%
Heritage Med Ctr.	Bedford	60	6,220	6,002	4,850	-22.0%	28.4%	27.4%	22.1%
Saint Thomas Stones River	Cannon	60	4,816	5,469	5,208	+8.1%	22.0%	25.0%	23.8%
Harton Regional	Coffee	135	20,521	20,532	18,659	-9.1%	41.6%	41.7%	39.3%
*MC of Manchester	Coffee	NA	3,466	1,824	NA	NA	38.0%	20.0%	NA
*United Regional	Coffee	NA	6,065	3,768	NA	NA	30.8%	21.1%	NA
*Unity MC	Coffee	49	NA	NA	4,734	NA	NA	NA	26.5%
Saint Thomas River Park	Warren	125	11,341	11,996	11,582	+2.1%	24.9%	26.3%	25.4%
Total		**925**	**149,748**	**158,144**	**170,724**	**+14.0%**	**44.4%**	**46.8%**	**50.6%**

Source: *Joint Annual Report of Hospitals 2014-2016*
**In 2016 Medical Center of Manchester and United Regional Medical Center merged to become Unity Medical Center*

- The overall utilization of inpatient acute facilities in the service area increased 14.0% from 149,748 patient days in 2014 to 170,724 days in 2016.
- In 2016 the licensed occupancy of inpatient acute care facilities ranged from 22.1% at Heritage Medical Center (Bedford County) to 83.9% at Trustpoint Hospital (Rutherford County).

Applicant Historical and Projected Utilization

The following are tables reflecting Saint Thomas Rutherford's inpatient acute care historical and projected inpatient utilization.

Saint Thomas Rutherford Hospital Acute Inpatient Care
Historical and Projected Utilization

Variable	2014	2015	2016	% Change '14-'16	Year 1 2020	Year 2 2021
Licensed Beds	286	286	286		358	358
Staffed Beds	268	285	286	+6.7%	358	358
Admissions	15,642	15,873	18,838	+20.4%	20,487	20,782
Patient Days	58,744	63,688	76,003	+29.4%	80,924	82,089
Average Daily Census	161	174	208		222	225
Average Length of Stay	3.8	4.0	4.0		4.0	4.0
% Staffed Occupancy	60.1%	61.2%	72.8%		62.0%	62.8%
% Licensed Occupancy	56.3%	61.0%	72.8%		62.0%	62.8%
Outpatients in Beds	*60	*60	60		60	60
Adjusted ADC	222	234	268		282	285
% Licensed Occupancy	77.6%	81.8%	93.7%		78.8%	79.6%

**Assumes outpatients in beds for past 12 months was the same in 2014 and 2015*
Source: CN1707--021, Pages 29-R and 33-R, 2016 JAR

- Saint Thomas Rutherford Hospital's inpatient acute days increased 29.4% from 58,744 in 2014 to 76,003 in 2016.
- When 60 outpatients in observation beds are included in the licensed occupancy calculation for the year 2016, the licensed occupancy increases from 72.8% to 93.7%.
- The projected licensed bed occupancy based on 80,924 inpatient days in Year 1 (2020) and 82,089 in Year 2 (2021) will average 62.0% and 62.8%, respectively. When adding the 60 projected outpatients in observation beds, occupancy increases to 78.8% and 79.6% respectively.

ECONOMIC FEASIBILITY

Project Cost

Major costs are:

- Construction Cost plus Contingency- $27,167,984, or 57.2% of cost.
- Fixed Equipment- $5,862,468, or 12.3% of the total cost.
- For other details on Project Cost, see the Project Cost Chart on page 36 in the original application.

- The total construction cost is $427 per square foot (/SF). As reflected in the table below, the new construction cost is above 3rd Quartile cost of $330.50/SF of statewide hospital construction projects from 2014 to 2016.
- The applicant provides a list of reasons the construction cost is above the 3rd quartile on page 3 of Supplemental One.

Statewide Hospital Construction Cost per Square Foot
2014-2016

	Renovated Construction	New Construction	Total Construction
1st Quartile	$160.66/sq. ft.	$260.18/sq. ft.	$208.97/sq. ft.
Median	$218.86/sq. ft.	$289.95/sq. ft.	$274.51/sq. ft.
3rd Quartile	$287.95/sq. ft.	$395.94/sq. ft.	$330.50/sq. ft.

Source: HSDA Applicant's Toolbox

Financing
A June 30, 2017 letter from Elizabeth C. Foshage, Ascension's Senior Vice President of Finance, confirms that Ascension, the applicant's parent company, has sufficient cash reserves on hand at the corporate level to finance the proposed project.

Ascension's audited financial statements for the period ending December 31, 2016 indicates $696,237,000 in cash and cash equivalents, total current assets of $5,393,180,000, total current liabilities of $5,394,205,000, and a current ratio of 0.99:1.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart
- According to the Historical Data Chart, Saint Thomas Rutherford experienced profitable net income before capital expenditures for the three most recent years reported: $38,310,185 for 2014; $45,868,852 for 2015; and $52,958,374 for 2016.
- Average Annual Net Operating Income less capital expenditures (NOI) was favorable at approximately 17.4% of annual net operating revenue for the year 2016.

Projected Data Chart
The applicant projects $1,511,475,000 in total gross revenue on 80,924 days during Year One (2020) and $1,608,705,000 on 82,089 days in Year Two (approximately $19,597 per day).The Projected Data Chart reflects the following:

- Free Cash Flow (Net Balance + Depreciation) for the applicant will equal $75,342,000 in Year One increasing to $76,449,000 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach $350,113,000 or approximately 21.8% of total gross revenue in Year Two.
- Charity care totals $100,687,360 in Year Two, equaling 5,137 total charity patient days.

Applicant's Projected Financial Performance, 2020-2021

Projected Financial Performance	Year 1	Year 2
Average Daily Census	221.7 ADC	224.9 ADC
Gross Revenue	$1,511,475,000	$1,608,705,000
Average Gross Revenue/PPD *(per patient day)*	$18,671/ppd	*$19,597/ppd*
Provision for Charity	$93,827,520	$100,687,360
Net Revenue	$338,631,000	$350,113,000
Net Operating Income Before Capital Expenditures	$57,993,000	$58,584,000

Charges

In Year One of the proposed project, the average charges are as follows:

- The proposed average gross charge is $18,678/day in 2020.
- The average deduction is $14,493/day, producing an average net charge of $4,185/day.

Payor Mix

Payor Source, Year 1

Payor Source	Gross Revenue	As a % of Total
Medicare	$705,858,825	46.7%
Tenncare/Medicaid	$155,681,925	10.3%
Commercial	$467,045,775	30.9%
Self-Pay	$137,544,225	9.1%
Other (other gov't, worker's comp)	$45,344,250	3.0%
Total Gross Revenue	**$1,511,475,000**	**100%**

Source: CN1707-021

- Medicare-Gross Operating Income will equal $705,858,825 in Year One representing 46.7% of total gross operating income.
- TennCare/Medicaid-Gross Operating Income will equal $155,681,925 in Year One representing 10.3% of total gross operating income.
- The applicant contracts with all four TennCare managed care organizations.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure/Accreditation

- Saint Thomas Rutherford Hospital is licensed by the Department of Health.

Certification

- The applicant is certified by Medicare and Medicaid/TennCare.

Accreditation

- Saint Thomas Rutherford is accredited by The Joint Commission with an effective date of January 17, 2016 valid for up to 36 months.
- A copy of the latest Joint Commission survey dated January 11-13, 2016, is located in Supplemental #1.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant has active contracts with over 50 managed care organizations. A complete listing is located on pages 46-R and page 47 of the original application.

Impact on Existing Providers

- Saint Thomas Rutherford Hospital expects minimal impact on existing providers because the other service area medical-surgical hospitals simply are not an alternative to the proposed project in terms of the level of care provided at STRH.
- The applicant states the major impact of this project is to reduce bed occupancy to a more manageable 80% occupancy at STRH, including outpatient and observation patients, thereby averting existing bed holds.

Staffing

The applicant's proposed Year One staffing includes the following:

Position	Existing FTEs (2017)	Projected FTEs Year One (2020)
RNs	522	541
LPNs	10	12
Tech	337	347
Physical Therapist, Speech Therapist, Occupational Therapist, Respiratory Therapist	55	55
Social Worker	105	105
Total Direct Care	1,029	1,060
Other-Non Direct Care	43	44
Total	**1,072**	**1,104**

Source: CN1707-021, Page 45-R

Should the Agency vote to approve this project, the CON would expire in three years.

Corporate documentation and office lease information are on file at the Agency office and will be available at the Agency meeting.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or Outstanding Certificates of Need for this applicant.

St. Thomas Health System has financial interests in this project and the following:

Denied Applications

Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1605-016D, was denied at the October 26, 2016 Agency meeting for the establishment of an outpatient diagnostic center (ODC), acquisition of fixed magnetic resonance imaging (MRI) equipment, and the initiation of MRI services at 980 Professional Park Drive, Suite E in Clarksville (Montgomery County). The estimated cost was **$941,648.00**. *Reason for Denial: The application did not meet the statutory criteria. The imaging service is located in Clarksville (Montgomery County); there was not an opportunity to examine the need of the other 19 counties in the service area.*

Saint Thomas Midtown Hospital (Emergency Department at Brentwood), CN1412-049D, was denied at the March 25, 2015 Agency meeting for the establishment of a satellite emergency department facility with 8 treatment rooms at 791 Old Hickory Boulevard, Brentwood (Davidson County), TN. The facility was planned to be physically connected to Premier Radiology. The estimated project cost was **$6,757,172.00.** *Reason for Denial: The application did not meet the statutory criteria. The decision was reached following consideration of the written report of the Department of Health/Office of Health Policy, the State Health Plan, the general criteria established by Health Services and Development Agency rules, and all evidence presented in the application.*

Pending Applications

Saint Thomas Surgery Center-New Salem, CN1707-022, has a pending application to be heard at the October 25, 2017 Agency meeting for the establishment of a multi-specialty ambulatory surgical treatment center (ASTC) with two operating rooms and one procedure room located at 2779 New Salem Road, Murfreesboro (Rutherford County), TN 37128. The proposed project involves construction of 14,500 square feet (rentable) of new ASTC space. The estimated project cost is **$16,228,645.**

Saint Thomas Highlands Hospital, CN1706-020, has a pending project that will be heard at the October 25, 2017 Agency meeting for the expansion of an existing geriatric inpatient psychiatric unit from 10 beds to 14 beds located at 401 Sewell Road, Sparta (White County), TN 38583. **The estimated project cost is $358,226.**

Outstanding Certificates of Need

Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1701-003A, has an outstanding Certificate of Need will expire June 1, 2019. The project was approved at the April 26, 2017 agency meeting for the establishment of an Outpatient Diagnostic Center, initiation of MRI services, and acquisition of a fixed MRI unit in leased space at 2723 New Salem Highway, Murfreesboro (Rutherford County), TN. The estimated project cost is **$2,626,335.46.** *Project Status Update: The project was recently approved.*

Providence Surgery Center, CN1608-031A has an outstanding Certificate of Need that will expire on February 1, 2019. The project was approved at the December 14, 2016 Agency meeting for the conversion of an existing ambulatory surgical treatment center (ASTC), which is limited to orthopedic and pain procedures, to a multi-specialty ASTC located at 5002 Crossing Circle, Suite 110, Mount Juliet (Wilson County), TN 37122. The ASTC will include two operating rooms and one procedure room that will be re-designated as part of the proposed multi-specialty ASTC. The estimated project cost is **$235,387**. *Project Status: An October 6, 2017 update from a project representative indicated*

Providence Surgery Center has successfully implemented ENT services that required the expansion from a single-specialty ASTC designation to a multi-specialty ASTC designation. Calendar Year-to-Date Providence Surgery Center has performed 52 ENT cases. This trial period with the ENT surgeons has been successful and the ASTC anticipates their case volume to grow. Additional Specialties are expected to be introduced in the near future.

CERTIFICATE OF NEED INFORMATION FOR OTHER FACILITIES IN THE SERVICE AREA:

There are no other Letters of Intent, denied, or pending applications for other health care organizations in the service area proposing this type of service.

Outstanding Certificates of Need

Trustpoint Hospital, CN1606-024A, has an outstanding Certificate of Need that will expire on December 1, 2019. The project was approved at the October 26, 2016 Agency meeting for the addition of 88 hospital beds to the existing 129-bed acute care hospital licensed by the TN Department of Health resulting in a total of 217 licensed beds. The hospital is located at 1009 North Thompson Lane, Murfreesboro (Rutherford County), TN. The bed breakdown follows: Adult Psychiatric beds will increase from 59 to 111 beds; Physical Rehabilitation beds will increase from 16 beds to 24 beds; Child Psychiatric beds will increase from 0 beds to 14 beds; Adolescent Psychiatric will increase from 0 to 14 beds. The project includes the construction of a new building and renovation of existing facilities. A 32-bed residential care unit (16 adolescent/16 child) that is not subject to CON review will be built and housed onsite and will be licensed separately by the TDMHSAS. The estimated project cost is **$57,320,105.** *Project Status: An annual progress report dated September 7, 2017 indicated construction was to begin on September 12, 2017.*

United Regional Medical Center, CN1509-040A, has an outstanding Certificate of Need that will expire on March 1, 2019. The project was approved at the January 27, 2016 Agency meeting for the relocation of an existing MRI unit approved in United Regional Medical Center, CN0209-094A and the existing PET/CT unit approved in the United Regional Medical Center, CN0409-089A, from their current location on the 54-bed main hospital campus at 1001 McArthur Street in Manchester (Coffee County), Tennessee to the hospital's 25 bed satellite facility at 481 Interstate Drive in Manchester (Coffee County), the site of the former Medical Center of Manchester acquired by the applicant's owner on July 1, 2015. The project is the final phase of a development plan to consolidate and operate all medical services at the 481 Interstate Drive, Manchester, Tennessee campus. Relocation of the existing MRI and PET units and the hospital's business offices from the 1001 McArthur Street campus will complete the consolidation

desired and allow the applicant to sell the vacated building to a nursing home operator for redevelopment as a nursing home. The estimated project cost is **$718,897**. *Project Status: An annual progress report dated August 4, 2017 indicated Coffee Medical Group, LLC no longer needs to relocate its CT-PET unit because the unit was sold. The company has not yet moved the Open-MRI because neither the contractor nor the manufacturer would guarantee that they could relocate the equipment and it would still work due to the age of the unit. The unit is close to the end of its useful life. Once the current unit is no longer operable, the company plans to install a new unit at the new campus.*

Trustpoint Hospital, CN1502-006A, has an outstanding Certificate of Need that will expire on July 1, 2018. The project was approved at the May 25, 2015 Agency meeting for the net increase of 33 inpatient beds as follows: Adult Psychiatric Beds will increase from 31 beds to 59; Geriatric Psychiatric will increase from 28 beds to 36; Medical Detoxification beds will increase from 10 to 18 beds, Physical Rehabilitation Beds will decrease from 27 beds to 16 beds; with total beds increasing from 96 to 129 beds. The project is located at 1009 North Thompson Lane, Murfreesboro (Rutherford County), TN. The estimated project cost is **$935,000.00**. *Project Status: An annual progress report dated April 5, 2017 indicated this project originally involved a non-construction expansion, however, upon approval of CN1606-024A, the expansion developed into a construction project – two CONs developing simultaneously. An annual progress report dated September 7, 2017 for CN1606-024A indicated construction was to begin on September 12, 2017.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
(10/09/2017)

LETTER OF INTENT

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Tennessean (Name of Newspaper) which is a newspaper of general circulation in Rutherford & Surrounding (County), Tennessee, on or before 07/10 (Month / day), 2017 (Year), for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Saint Thomas Rutherford Hospital (Name of Applicant) Hospital Provider (Facility Type-Existing)

owned by: Saint Thomas Health with an ownership type of not-for-profit

and to be managed by: Saint Thomas Rutherford Hospital intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: the expansion of its existing acute care services by seventy-two (72) beds at 1700 Medical Center Parkway in Murfreesboro, TN, 37129 (Rutherford County). The project involves the construction of 52,000 square feet of new hospital space. No major medical equipment is involved. Total project costs are estimated to be $47,478,943.

The anticipated date of filing the application is: July 14, 2017

The contact person for this project is Blake Estes (Contact Name) Executive Director (Title)

who may be reached at: Saint Thomas Health (Company Name) 102 Woodmont Blvd., Suite 800 (Address)

Nashville (City) TN (State) 37205 (Zip Code) 615 / 222-7235 (Area Code / Phone Number)

(Signature) (Date) Blake.Estes@sth.org (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Application
(COPY)

Saint Thomas Rutherford Hospital

CN1707-021

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. *Name of Facility, Agency, or Institution*

Saint Thomas Rutherford Hospital
Name

1700 Medical Center Parkway — Rutherford
Street or Route — County

Murfreesboro — Tennessee — 37129
City — State — Zip Code

Website address: www.sthealth.com

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. *Contact Person Available for Responses to Questions*

Blake Estes — Exec. Dir., Strategy & Planning
Name — Title

Saint Thomas Health — blake.estes@sth.org
Company Name — Email address

102 Woodmont Blvd., Suite 800 — Nashville — TN — 37205
Street or Route — City — State — Zip Code

Authorized representative — 615-222-7235 — 615-284-7403
Association with Owner — Phone Number — Fax Number

NOTE: ***Section A*** is intended to give the applicant an opportunity to describe the project. ***Section B*** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on ***8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.*** All questions must be answered. If an item does not apply, please indicate *"N/A" (not applicable).* ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.***

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

RESPONSE: Rutherford County is the fastest growing county in Tennessee. Despite the rapid population growth in the service area, STRH is projecting relatively modest gains in bed utilization – less than 1% per year overall – due to inpatient and observation bed hold conditions. Even at this rate, without additional beds, STRH will be runing 97.9% occupancy by 2019. Therefore, the major impact of this project is to reduce bed occupancy to a more manageable 80%, including outpatient and observation patients, thus averting many bed holds.

The existing medical-surgical beds at Saint Thomas Rutherford Hospital ("STRH") have been operating at nearly 90% utilization, resulting in inpatient/observation bed holds. This is a result of multiple factors: (1) increasing inpatient utilization from Rutherford County, (2) increasing inpatient in-migration from throughout the region, (3) increasing observation patient utilization and (4) increasing observation patient utilization exceeding 24 hours. Seventy-two (72) additional medical-surgical and extended observation beds are required to meet current and projected patient demand.

This is the first service expansion CON application filed by STRH since the replacement hospital opened in 2010 and is consistent with Saint Thomas' long standing goal to maximize existing resources to the fullest extent possible before increasing service capacity. Separate from this CON project, STRH will also be expanding its emergency and surgical services departments.

There are no outstanding or unimplemented certificates of need held by the applicant.

2) Ownership structure;

RESPONSE: STRH is owned by Saint Thomas Health. Saint Thomas is part of Ascension, the largest non-profit health system in the United States and the world's largest Catholic health system.

3) Service area;

RESPONSE: The proposed STRH service area is very similar to the existing STRH service area, recognizing the continuation of two patient referral trends: (1) increasing inpatient utilization from Rutherford County and (2) increasing inpatient in-migration from throughout the region.

STRH will continue to serve a five-county primary (Rutherford) and secondary (Bedford, Cannon, Coffee, Warren) service area. The rapid growth in Rutherford

County, the primary service area county, is the most distinguishing characteristic of the population served. Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 36,154 persons. As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%.

In 2017, the total service area had an estimated population of 485,746. Official sources indicate that the service area population will grow by approximately 8.5%, or 41,310 persons, by 2021. This is significantly higher growth than the 4.4% projected for Tennessee.

Given these population growth projections, demand for the services at STRH is expected to increase.

4) Existing similar service providers;

RESPONSE: Besides STRH, TriStar StoneCrest Medical Center is the only other medical-surgical hospital in the primary service area (Rutherford County). Each of the secondary service area counties also has a medical-surgical hospital. However, as the data indicates, STRH is approximately three times larger than the second largest service area medical-surgical hospital. This is true across a range of metrics – beds, admissions, patient days, average daily census. The other service area medical-surgical hospitals are simply not an alternative to the proposed project in terms of the level of care provided at STRH.

5) Project cost;

RESPONSE: The cost to construct 52,000 square feet of new space is $22,188,000. Total project costs are $47,478,943. Constructing two floors atop an existing patient bed tower (originally designed for vertical expansion) was deemed the least costly, most effective and most efficient alternative to address the very high utilization of hospital beds at STRH.

6) Funding;

RESPONSE: Funding for the project will come from Saint Thomas Health's corporate parent, Ascension.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE: As indicated in the Historical Data Chart and the Projected Data Chart, STRH was financially feasible before the proposed bed addition and is expected to remain financially feasible with the proposed bed addition.

8) Staffing.

RESPONSE: The STRH is currently and appropriately staffed for a census of 277 patients. A census of 285 patients is projected for Year 2 and will require approximately 31 more clinical FTEs over the existing 1,029 clinical FTEs. Additional staff will be recruited using the existing resources of both STRH and Saint Thomas Health.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

RESPONSE: The utilization statistics below are from STRH's internal financial reporting data, which tracks both inpatients and outpatients. The hospital's existing 286 licensed beds are essentially occupied on any given day by 190 inpatients and another 60 outpatients (observation, surgical/procedural 23-hour stays, etc.). What appears to be 60%-70% bed utilization quickly becomes nearly 90% bed utilization.

STRH Bed Utilization Components, FY2016 & FY2017
Midnight Census, Sunday - Saturday

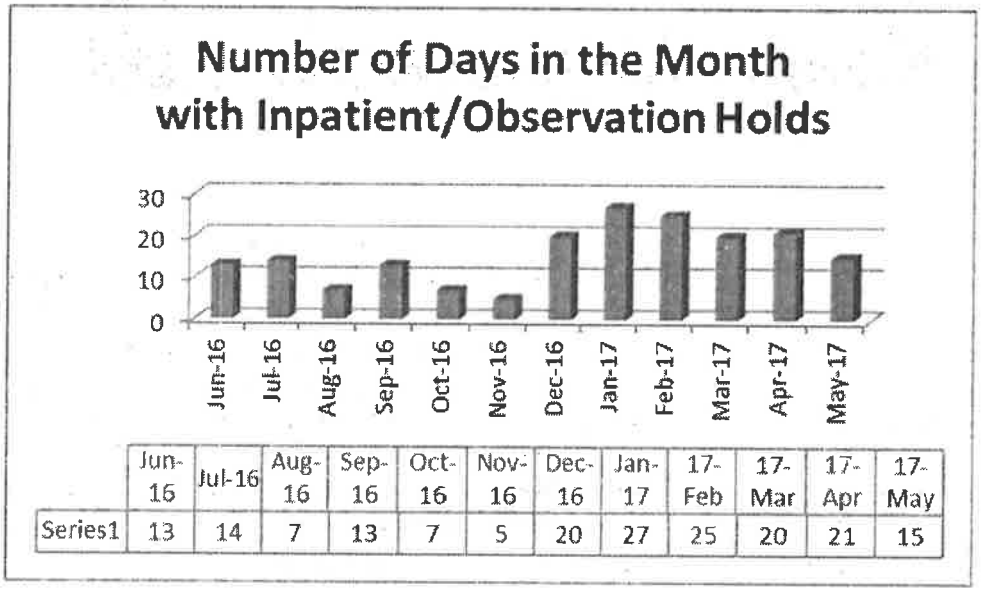
	Actual Daily Inpatient Census	Outpatients in a Bed	Actual Daily Total Census
FY2016	63,674	24,772	88,446
ADC	174	68	242
Occupancy %	60.8%	23.7%	84.5%
FY2017 (10 months)	63,118	20,178	83,296
ADC	188	60	249
Occupancy %	65.9%	21.1%	86.9%
Last 12 months	68,706	22,180	90,886
ADC	188	61	249
Occupancy %	65.8%	21.2%	87.1%

The situation for patients, families and admitting physicians becomes even more dire when weekday peaks are considered. As a result, STRH is unable to place a patient in a bed about half the days in a month, resulting in "holds" being placed on existing inpatient and observation beds.

Stated another way, observation patient volume (excluding other outpatients) continues to increase at STRH. Within this increase, shorter stay observation patients (eight hours or

less) are declining as a percentage of the total. The increase in observation stays of 24+ hours has increased significantly during this same time period.

As the Agency is aware, there is a push among both government and commercial payors to implement so-called "two midnight" rules and other methods to reduce payment as inpatient hospital stays. On any given day, STRH will have more than 60 patients in a hospital bed, many still undergoing a "status" determination for inpatient or outpatient reimbursement purposes. This can go on for more than 36 hours, rendering traditional ER holding areas inappropriate. For example, AIA Facility Guidelines Institute design standards allow cubicles to be used instead of private rooms, sharing one toilet among six patients and one shower among twelve patients. This is not an appropriate setting for placing a patient who will stay 24, 36 or more hours, regardless of their reimbursement (IP/OP) status.



	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	17-Feb	17-Mar	17-Apr	17-May
Series1	13	14	7	13	7	5	20	27	25	20	21	15

Rutherford County is the fastest growing county in Tennessee. Despite the rapid population growth in the service area, STRH is projecting relatively modest gains in bed utilization – less than 1% per year overall – due to inpatient and observation bed hold conditions. Even at this rate, without additional beds, STRH will be runing 97.9% occupancy by 2019. Therefore, the major impact of this project is to reduce bed occupancy to a more manageable 80%, including outpatient and observation patients, thus averting many bed holds.

2) Economic Feasibility;

RESPONSE: As indicated in the Historical Data Chart and the Projected Data Chart, STRH was financially feasible before the proposed bed addition and is expected to remain financially feasible with the proposed bed addition.

STRH provides care to all patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients.

3) Appropriate Quality Standards; and

RESPONSE: STRH is licensed by the state of Tennessee and is accredited by The Joint Commission. As part of the Saint Thomas Health network, STRH also has access to a full range of quality and utilization management resources.

4) Orderly Development to adequate and effective health care.

RESPONSE: Under the 10% bed expansion provision of Public Chapter 1043, STRH could have added 28 beds without prior CON review and approval. Instead, STRH is seeking approval to add two floors of 36 beds each. Constructing these two floors atop an existing patient bed tower with a footprint for 36 beds per floor (originally designed for vertical expansion) was deemed the least costly, most effective and most efficient alternative to address the very high utilization of hospital beds at STRH.

Again, Rutherford County is the fastest growing county in Tennessee. Despite the rapid population growth in the service area, STRH is projecting relatively modest gains in bed utilization – less than 1% per year overall – due to inpatient and observation bed hold conditions. Even at this rate, without additional beds, STRH will be runing 97.9% occupancy by 2019. Therefore, the major impact of this project is to reduce bed occupancy to a more manageable 80%, including outpatient and observation patients, thus averting many bed holds.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: Not applicable.

4. SECTION A: PROJECT DETAILS

A. *Owner of the Facility, Agency or Institution*

Saint Thomas Rutherford Hospital		615-396-4100
Name		Phone Number
1700 Medical Center Parkway		Rutherford
Street or Route		County
Murfreesboro	TN	37129
City	State	Zip Code

B. *Type of Ownership of Control (Check One)*

A.	Sole Proprietorship		
B.	Partnership		
C.	Limited Partnership		
D.	Corporation (For Profit)		
E.	Corporation (Not-for-Profit)	X	
F.	Government (State of TN or Political Subdivision)		
G.	Joint Venture		
H.	Limited Liability Company		
I.	Other (Specify)_____		

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at https://tnbear.tn.gov/ECommerce/FilingSearch.aspx.

RESPONSE: See TAB 1, Attachment Section A-4B-1.

***Describe** the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.*

RESPONSE: See TAB 2, Attachment Section A-4B-2.

5. *Name of Management/Operating Entity (If Applicable)*

Not Appliable
Name

Street or Route — County

City — State — Zip Code

Website address: _____

***For new facilities or existing facilities** without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.*

RESPONSE: Not Applicable

6A. ***Legal Interest in the Site of the Institution (Check One)***

A.	Ownership	X	D.	Option to Lease	
B.	Option to Purchase		E.	Other (Specify) _____	
C.	Lease of 15 Years				

Check appropriate line above: *For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements* ***must include*** *anticipated purchase price. Lease/Option to Lease Agreements* ***must include*** *the actual/anticipated term of the agreement* ***and*** *actual/anticipated lease expense. The legal interests described herein* ***must be valid*** on the date of the Agency's consideration of the certificate of need application.

RESPONSE: See **TAB 4, Attachment Section A-6A**.

6B. Attach **a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site** on an 8 1/2" x 11" sheet of white paper, single or double-sided. ***DO NOT SUBMIT BLUEPRINTS***. Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must include**:

a. Size of site (***in acres***);

b. Location of structure on the site;

c. Location of the proposed construction/renovation; and

d. Names of streets, roads or highway that cross or border the site.

RESPONSE: See **TAB 5, Attachment Section A-6B-1**.

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 ½ by 11 sheet of paper or as many as necessary to illustrate the floor plan.

RESPONSE: See **TAB 6, Attachment Section A-6B-2**.

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: The community's focus on existing infrastructure limitations and the need to improve roadways is strong evidence of the robust growth in the service area, especially in Rutherford County. Areas of Rutherford County that are experiencing unprecedented growth and the need for infrastructure and roadway development include Smyrna and other areas of Murfreesboro. Further evidence of area growth are references in newspaper articles about roadway development to new public schools that are being constructed in Rutherford County, including a middle school that is scheduled to open in August 2017, an elementary school in August 2018 and a Rockvale High School in 2019. Please see **Tab 7, Attachment Section A-6B-3** for articles discussing the traffic and growth challenges in the area.

7. ***Type of Institution*** ***(Check as appropriate--more than one response may apply)***

A.	Hospital (Specify) Med-Surg	X	H	Nursing Home	
B.	Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty		I.	Outpatient Diagnostic Center	
C.	ASTC, Single Specialty		J.	Rehabilitation Facility	
D.	Home Health Agency		K.	Residential Hospice	
E.	Hospice		L.	Nonresidential Substitution-Based Treatment Center for Opiate Addiction	
F.	Mental Health Hospital				
G.	Intellectual Disability Institutional Habilitation Facility ICF/IID		M.	Other (Specify)	

Check appropriate lines(s).

8. **Purpose of Review** ***(Check appropriate lines(s) – more than one response may apply)***

A.	New Institution		F.	Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation]*	X
B.	Modifying an ASTC with limitation still required per CON				
C.	Addition of MRI Unit				
D.	Pediatric MRI				
E.	Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify)		G.	Satellite Emergency Dept.	
			H.	Change of Location	
			I.	Other (Specify)	

9. **Medicaid/TennCare, Medicare Participation**

MCO Contracts [Check all that apply]

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number Hospital 440053

Medicaid Provider Number Hospital 440053

Certification Type General Hospital

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare __Yes __No X N/A Medicaid/TennCare __Yes __No X N/A

10. Bed Complement Data

A. **Please indicate current and proposed distribution and certification of facility beds.**

		Current Licensed	*Beds Staffed*	*Beds Proposed*	**Beds Approved*	***Beds Exempted*	*TOTAL Beds at Completion*
1)	Medical	198	198	72			270
2)	Surgical	"	"	"			"
3)	ICU/CCU	32	32				32
4)	Obstetrical	27	27				27
5)	NICU	16	16				16
6)	Pediatric	13	13				13
7)	Adult Psychiatric						
8)	Geriatric Psychiatric						
9)	Child/Adolescent Psychiatric						
10)	Rehabilitation						
11)	Adult Chemical Dependency						
12)	Child/Adolescent Chemical Dependency						
13)	Long-Term Care Hospital						
14)	Swing Beds						
15)	Nursing Home – SNF (Medicare only)						
16)	Nursing Home – NF (Medicaid only)						
17)	Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18)	Nursing Home – Licensed (non-certified)						
19)	ICF/IID						
20)	Residential Hospice						
TOTAL		286	286	72			358

**Beds approved but not yet in service* ***Beds exempted under 10% per 3 year provision*

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

RESPONSE: As described more fully throughout this application, the existing medical-surgical beds at STRH have been operating at nearly 90% utilization, resulting in inpatient/observation bed holds. This is a result of multiple factors: (1) increasing inpatient utilization from Rutherford County, (2) increasing inpatient in-migration from throughout the region, (3) increasing observation patient utilization and (4) increasing observation patient utilization exceeding 24 hours. Seventy-two (72) additional medical-surgical and extended observation beds are required to meet current and projected patient demand. This is the first service expansion CON application filed by STRH since the replacement hospital opened in 2010 and is consistent with Saint Thomas' long standing goal to maximize existing resources to the fullest extent possible before increasing service capacity. See **Tab 6 – Attachment Section A-10,** for a letter from Mr. Gordon Ferguson, President and CEO of Saint Thomas Rutherford Hospital and President of Saint Thomas Regional Hospitals, attesting to these conditions.

C. **Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.**

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved
N/A		

11. **Home Health Care Organizations** – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: – **RESPONSE: N/A**

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	☐	☐	☐	Lauderdale	☐	☐	☐
Bedford	☐	☐	☐	Lawrence	☐	☐	☐
Benton	☐	☐	☐	Lewis	☐	☐	☐
Bledsoe	☐	☐	☐	Lincoln	☐	☐	☐
Blount	☐	☐	☐	Loudon	☐	☐	☐
Bradley	☐	☐	☐	McMinn	☐	☐	☐
Campbell	☐	☐	☐	McNairy	☐	☐	☐
Cannon	☐	☐	☐	Macon	☐	☐	☐
Carroll	☐	☐	☐	Madison	☐	☐	☐
Carter	☐	☐	☐	Marion	☐	☐	☐
Cheatham	☐	☐	☐	Marshall	☐	☐	☐
Chester	☐	☐	☐	Maury	☐	☐	☐
Claiborne	☐	☐	☐	Meigs	☐	☐	☐
Clay	☐	☐	☐	Monroe	☐	☐	☐
Cocke	☐	☐	☐	Montgomery	☐	☐	☐
Coffee	☐	☐	☐	Moore	☐	☐	☐
Crockett	☐	☐	☐	Morgan	☐	☐	☐
Cumberland	☐	☐	☐	Obion	☐	☐	☐
Davidson	☐	☐	☐	Overton	☐	☐	☐
Decatur	☐	☐	☐	Perry	☐	☐	☐
DeKalb	☐	☐	☐	Pickett	☐	☐	☐
Dickson	☐	☐	☐	Polk	☐	☐	☐
Dyer	☐	☐	☐	Putnam	☐	☐	☐
Fayette	☐	☐	☐	Rhea	☐	☐	☐
Fentress	☐	☐	☐	Roane	☐	☐	☐
Franklin	☐	☐	☐	Robertson	☐	☐	☐
Gibson	☐	☐	☐	Rutherford	☐	☐	☐
Giles	☐	☐	☐	Scott	☐	☐	☐
Grainger	☐	☐	☐	Sequatchie	☐	☐	☐
Greene	☐	☐	☐	Sevier	☐	☐	☐
Grundy	☐	☐	☐	Shelby	☐	☐	☐
Hamblen	☐	☐	☐	Smith	☐	☐	☐
Hamilton	☐	☐	☐	Stewart	☐	☐	☐
Hancock	☐	☐	☐	Sullivan	☐	☐	☐
Hardeman	☐	☐	☐	Sumner	☐	☐	☐
Hardin	☐	☐	☐	Tipton	☐	☐	☐
Hawkins	☐	☐	☐	Trousdale	☐	☐	☐
Haywood	☐	☐	☐	Unicoi	☐	☐	☐
Henderson	☐	☐	☐	Union	☐	☐	☐
Henry	☐	☐	☐	Van Buren	☐	☐	☐
Hickman	☐	☐	☐	Warren	☐	☐	☐
Houston	☐	☐	☐	Washington	☐	☐	☐
Humphreys	☐	☐	☐	Wayne	☐	☐	☐
Jackson	☐	☐	☐	Weakley	☐	☐	☐
Jefferson	☐	☐	☐	White	☐	☐	☐
Johnson	☐	☐	☐	Williamson	☐	☐	☐
Knox	☐	☐	☐	Wilson	☐	☐	☐
Lake	☐	☐	☐				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
36-Bed Inpatient Licensed Bed Unit				6th Floor		26,000	26,000
36-Bed Inpatient Licensed Bed Unit				7th Floor		26,000	26,000
Unit/Department GSF Sub-Total						52,000	52,000
Other GSF Total							
Total GSF						52,000	52,000
*Total Cost						$22,188,000	$22,188,000
**Cost Per Square Foot						$427	$427
Cost per Square Foot Is Within Which Range *(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)* **Response:** Costs necessary for utilities, construction 90' above ground, construction above a working hospital, temporary vertical circulation for workers, supplies and construction waste					☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☒ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator – RESPONSE: Not Applicable

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

☐ Linear Accelerator	Mev _____ Types: ☐ SRS ☐ IMRT ☐ IGRT ☐ Other _____ Total Cost*: _____ ☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___ ☐ New ☐ Refurbished ☐ If not new, how old? (yrs) _____
☐ MRI	Tesla: ____ Magnet: ☐ Breast ☐ Extremity ☐ Open ☐ Short Bore ☐ Other _____ Total Cost*: _____ ☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___ ☐ New ☐ Refurbished ☐ If not new, how old? (yrs) _____
☐ PET	☐ PET only ☐ PET/CT ☐ PET/MRI Total Cost*: _____ ☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___ ☐ New ☐ Refurbished ☐ If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

D. Schedule of Operations:

Location	Days of Operation (*Sunday through Saturday*)	Hours of Operation (*example: 8 am – 5 pm*)
Fixed Site *(Applicant)*	Monday through Friday	8am - 5pm
Mobile Locations *(Applicant)*		
(Name of Other Location)		
(Name of Other Location)		

E. Identify the clinical applications to be provided that apply to the project.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.

RESPONSE: Two sets of criteria and standards are applicable to this project – Acute Care Bed Need Services and Construction, Renovation, Expansion and Replacement of Health Care Institutions. See responses, below.

1) Acute Care Bed Need Services

1. The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year:

   Using the latest utilization and patient origin data from the Joint Annual Report of Hospitals and the most current population projection series from the Department of Health, perform the following:

   Step 1

   Determine the current Average Daily Census (ADC) in each county.

   $$ADC = \frac{\text{Patient Days}}{365 \text{ (366 in leap year)}}$$

   Step 2

   To determine the service area population (SAP) in both the current and projected year:

a. Begin with a list of all the hospital discharges in the state, separated by county, and showing the discharges both by the county where the patient actually lives (resident discharges), and the county in which the patient received medical treatment.

b. For the county in which the hospital is (or would be) located (service county), determine which other counties have patients who are treated in your county (resident counties). Treat all of the discharges from another state as if that whole state were a single resident county. The total discharges of residents from another state should be calculated from state population estimates and the latest National Center for Health Statistics southeastern discharge rates.

c. For each resident county, determine what percent of their total resident discharges are discharged from a hospital in your service county (if less than one percent, disregard).

d. For each resident county, apply the percentage determined above to the county's population (both projected and current). Add together the resulting numbers for all the resident counties and add that sum to the projected and current population of your service county. This will give you the service area population (SAP).

Step 3

Determine projected Average Daily Census as:

$$\text{Projected ADC} = \text{Current ADC} \times \frac{\text{Projected SAP}}{\text{Current SAP}}$$

Step 4

Calculate Projected Bed Need for each county as:

$$\text{Projected Need} = \text{Projected ADC} + 2.33 \times \sqrt{\text{Projected ADC}}$$

However, if projected occupancy:

$$\text{Projected Occupancy:} \quad \frac{\text{Projected ADC}}{\text{Projected Need}} \times 100$$

is greater than 80 percent, then calculate projected need :

$$\text{Projected Need} = \frac{\text{Projected ADC}}{.8}$$

RESPONSE: The latest official projections for 2017 and 2021 are based upon 2015 JARs. See **TAB 9, Attachment Section B-A1**, which also includes prior projections.

Following these guidelines, STRH and the Rutherford County hospitals served patients from 21 counties in 2015.

In terms of the population, Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 36,154 persons.[1] As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%.

This official acute care bed need projection methodology is currently under review for revision by the Agency. Across the entire state, only two counties have any projected need for licensed beds – Polk and Washington. Despite the extraordinary historical and projected population growth in Rutherford County, a surplus of 66 beds is projected for 2021.

In the past, this same need projection methodology has produced very erratic results for Rutherford County. Just three years ago (based on 2012 JARs), Rutherford County had an average daily census of 220 and a current year need projection of 275 beds. The current projections (based on 2015 JARs), report an average daily census of 297 patients and a current year need projection of 371 beds.

Stated differently, the Rutherford County actual official hospital average daily census increased by 77 patients (297 – 220). The current year hospital bed need projection increased by 96 beds (371-275). From this perspective alone, the STRH request for 72 additional licensed acute care beds, projected four years out, is not unreasonable. With additional documentation, STRH will demonstrate that its request for 72 additional licensed acute care beds is necessary to maintain quality and cost-effective hospital services in Rutherford County and the larger tertiary referral area.

2. New hospital beds can be approved in excess of the "need standard for a county" if the following criteria are met:

   a. All existing hospitals in the projected service area have an occupancy level greater than or equal to 80 percent for the most recent Joint Annual Report. Occupancy should be based on the number of licensed beds that are staffed for two consecutive years.

      RESPONSE: Despite an increase in utilization, this guideline has not been met at the eight service area hospitals, as shown on the following table. However, as explained below, STRH qualifies for special consideration.

      In addition, the existing medical-surgical beds at STRH have been operating at nearly 90% utilization, resulting in inpatient/observation bed holds. This is a result of multiple factors: (1) increasing inpatient utilization from Rutherford County, (2) increasing inpatient in-migration from throughout the region, (3) increasing observation patient utilization and (4) increasing observation patient utilization exceeding 24 hours.

[1] Davidson County is number two, followed by Williamson County at number three.

Service Area Hospitals: Staffed Beds and Occupancy Rates

Hospital	Staffed Beds		Occupancy Rate	
	2014	2015	2014	2015
Saint Thomas Rutherford	268	285	60.1%	61.2%
TriStar StoneCrest	109	109	43.9%	45.9%
TrustPoint Hospital	96	100	60.2%	72.9%
Heritage Medical Center	52	52	32.8%	31.6%
Saint Thomas Stones River	50	50	26.4%	30.0%
Harton Regional	107	115	52.5%	48.9%
United Regional	51	36	31.4%	28.7%
Saint Thomas River Park	125	125	24.9%	26.3%
TOTAL	**858**	**872**	**46.7%**	**49.1%**

Source: TN HSDA Joint Annual Reports, as shown on CON pages 28-R and 29-R.

b. All outstanding CON projects for new acute care beds in the proposed service area are licensed.

RESPONSE: This guideline has been met. No acute care beds are under development. It is our understanding that other types of beds have been approved and are being developed. In addition, as explained below, STRH qualifies for special consideration.

c. The Health Facilities Commission may give special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

RESPONSE: STRH is seeking approval under this guideline. STRH seeks 72 additional licensed acute care beds. The need justification and projections are presented in Part F of this section.

- Specialty health service units. As the Agency is aware, there is a push among both government and commercial payors to implement so-called "two midnight" rules and other methods to reduce payment as inpatient hospital stays. On any given day, STRH will have more than 60 patients in a hospital bed, many still undergoing a "status" determination for inpatient or outpatient reimbursement purposes. This can go on for more than 36 hours, rendering traditional ER holding areas inappropriate.

  The 72 licensed beds requested by STRH are part of a specialty inpatient unit intended to meet the needs of both traditional inpatients and these extended stay outpatient status and observation status patients who require monitoring, staffing and facilities comparable to a traditional inpatient.

- Tertiary care hospital. The population in and around Rutherford County has boomed and continues to boom (first in growth in Tennessee). So too has the number of specialty physicians in the community and the types of hospital services provided at STRH.

  STRH qualifies as a tertiary care hospital, based upon the following advanced service offerings.

  - Thoracic Surgery
  - Interventional Cardiology, Electrophysiology, and Heart Failure Medicine, Nuclear Cardiology subspecialties
  - Vascular and Interventional Radiology
  - Medical Residency training program for Emergency Medicine and Family Medicine
  - Interventional Gastroenterology
  - GYN Oncology
  - Neurology / Neurosurgery

- Maternal-Fetal Medicine
- Neonatology
- Vascular Surgery
- Infectious Disease
- Radiation Oncology
- Palliative Medicine

- Regional referral hospital. These advanced service offerings have led to more patients from a wider geographic area seeking care at STRH. As illustrated in the table below, Rutherford County patients at STRH increased by 1,507 from 2014 to 2016. Yet, the percentage of STRH patients from Rutherford County declined from 70.0% to 66.1%.

  Patients from the four secondary service area counties increased by 970 from 2014 to 2016. And, the percentage of STRH patients from its secondary service area increased from 21.3% to 22.8%.

  Patients from STRH's tertiary service area counties increased by 719 from 2014 to 2016. And, the percentage of STRH patients from its tertiary service area increased from 8.7% to 11.1%.

STRH Patient Origin Trends – Joint Annual Reports

	2014	2015	2016		2014	2015	2016
County	Patients	Patients	Patients		Dist.	Dist.	Dist.
Total	15,642	15,873	18,838		100.0%	100.0%	100.0%
Rutherford	10,952	10,955	12,459		70.0%	69.0%	66.1%
Bedford	1,058	1,072	1,379		6.8%	6.8%	7.3%
Coffee	831	984	1,239		5.3%	6.2%	6.6%
Warren	656	636	862		4.2%	4.0%	4.6%
Cannon	782	772	817		5.0%	4.9%	4.3%
SSA	3,327	3,464	4,297		21.3%	21.8%	22.8%
Other	1,363	1,454	2,082		8.7%	9.2%	11.1%

In addition, STRH is the referral hub for the Saint Thomas Health Regional Hospitals network.

- Saint Thomas DeKalb Hospital
- Saint Thomas Highlands Hospital
- Saint Thomas River Park Hospital
- Saint Thomas Stones River Hospital

These hospitals are part of a regionalization strategy, culminating with the purchase of four hospitals from Capella Healthcare in 2015.

Organizationally, the hospitals above report up to the President and CEO of Saint Thomas Rutherford Hospital.

2) Construction, Renovation, Expansion and Replacement of Health Care institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

   RESPONSE: The standards for Acute Care Bed Need Services are addressed immediately above. The STRH bed expansion project meets the requirements for special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

2. For relocation or replacement of an existing licensed health care institution:

   a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

   b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

   RESPONSE: Not applicable. The proposed beds will be added to the existing STRH facility.

3. For renovation or expansions of an existing licensed health care institution:

   a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

      RESPONSE: As described more fully throughout this application, the existing medical-surgical beds at STRH have been operating at nearly 90% utilization, resulting in inpatient/observation bed holds. This is a result of multiple factors: (1) increasing inpatient utilization from Rutherford County, (2) increasing inpatient in-migration from throughout the region, (3) increasing observation patient utilization and (4) increasing observation patient utilization exceeding 24 hours.

   b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

      RESPONSE: All licensed beds at STRH are currently set up and staffed. Expansion is the only option for adding the proposed beds.

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

RESPONSE: STRH is the referral hub for the Saint Thomas Health Regional Hospitals network.

- Saint Thomas DeKalb Hospital
- Saint Thomas Highlands Hospital
- Saint Thomas River Park Hospital
- Saint Thomas Stones River Hospital

These hospitals are part of a regionalization strategy, culminating with the purchase of four hospitals from Capella Healthcare in 2015. Organizationally, the hospitals above report up to the President and CEO of Saint Thomas Rutherford Hospital.

This project represents the right-sizing of assets at STRH. No previously approved projects are related to this proposed bed addition. In fact, this is the first service expansion CON application filed by STRH since the replacement hospital opened in 2010. This project is consistent with Saint Thomas' long standing goal to maximize existing resources to the fullest extent possible before increasing service capacity.

C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

Please complete the following tables, if applicable:

Saint Thomas Rutherford Hospital – All Inpatients
Actual, 2016 JAR

Service Area Counties	Historical Utilization-County Residents	% of Total Patients
Rutherford	12,459	66.1%
Bedford	1,379	7.3%
Coffee	1,239	6.6%
Warren	862	4.6%
Cannon	817	4.3%
Subtotal	16,756	88.9%
Other	2,082	11.1%
Total	18,838	100.0%

Source: 2016 JAR

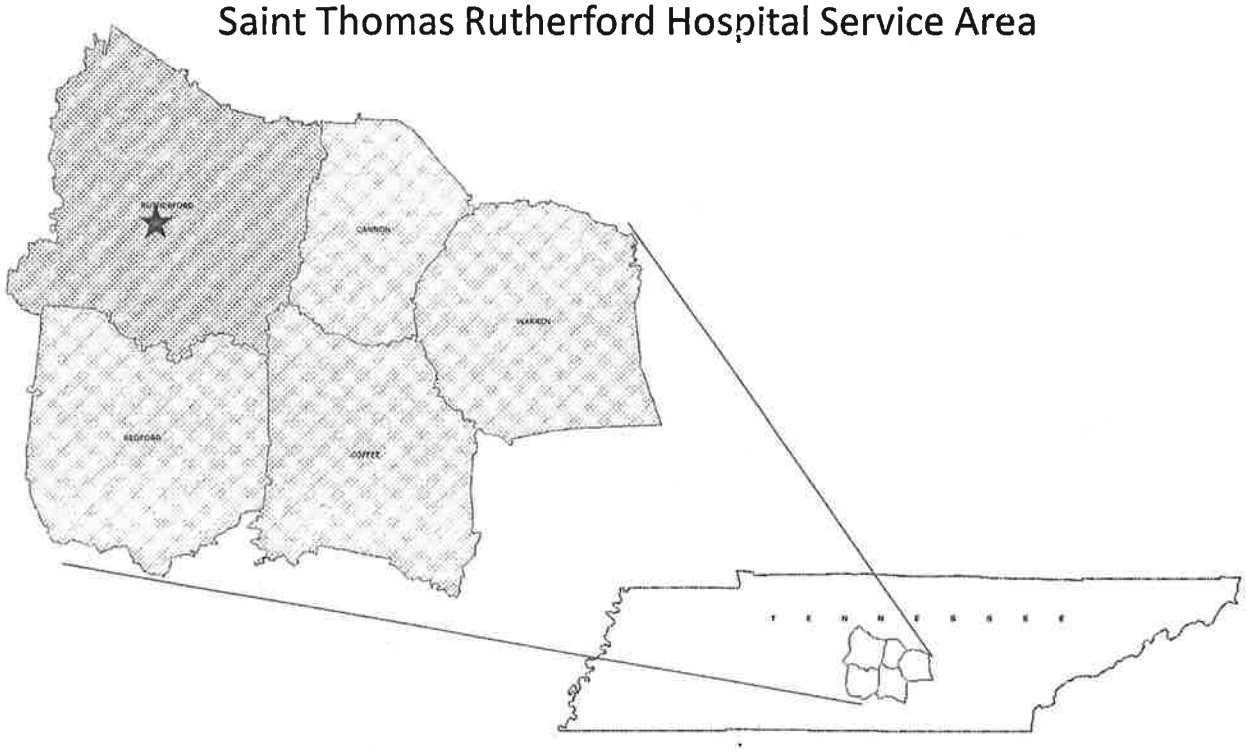
Saint Thomas Rutherford Hospital – All Inpatients
Projected, Year 2

Service Area Counties	Projected Utilization-County Residents	% of Total Patients
Rutherford	13,197	63.5%
Bedford	1,559	7.5%
Coffee	1,455	7.0%
Warren	1,039	5.0%
Cannon	935	4.5%
Subtotal	18,185	87.5%
Other	2,598	12.5%
Total	20,782	100.0%

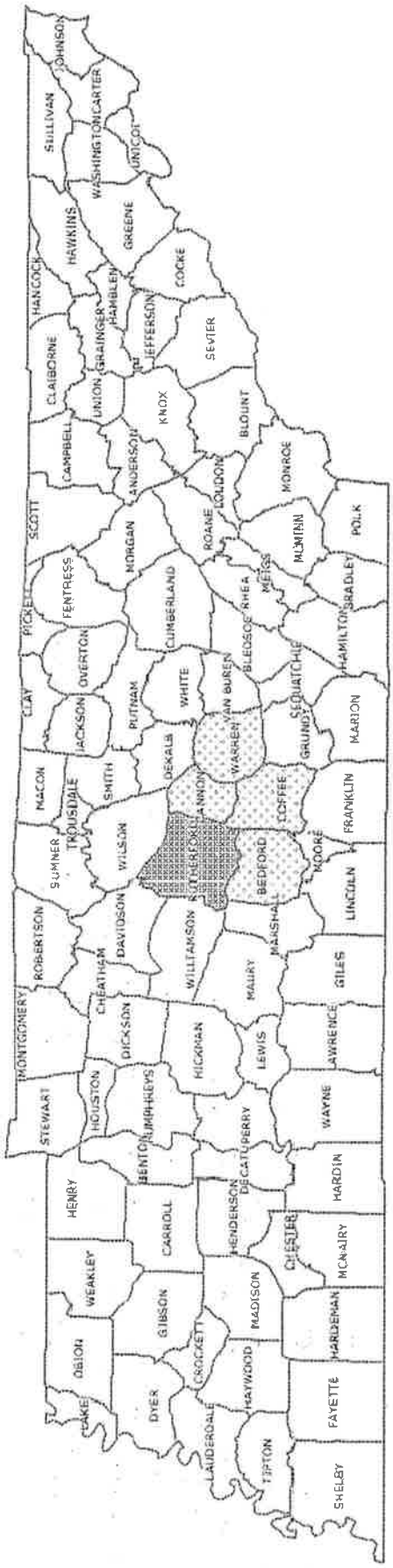
RESPONSE: The proposed STRH service area is very similar to the existing STRH service area, recognizing the continuation of two patient referral trends: (1) increasing inpatient utilization from Rutherford County and (2) increasing inpatient in-migration from throughout the region.

While Saint Thomas Health serves a number of counties in Kentucky and other states, no border state counties are part of the primary or secondary service areas of STRH.

Saint Thomas Rutherford Hospital Service Area



County Level Map



D. 1). a) Describe the demographics of the population to be served by the proposal.

RESPONSE: STRH will continue to serve a five-county primary and secondary service area. The rapid growth in Rutherford County, the primary service area county, is the most distinguishing characteristic of the population served. Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 36,154 persons.[2] As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%.

In 2017, the total service area had an estimated population of 485,746. Official sources indicate that the service area population will grow by approximately 8.5%% or 41,310 persons by 2021. This is significantly higher growth than the 4.4% projected for Tennessee.

Compared to the overall Tennessee median household income ("MHI") of $45,219, the service area MHIs are significantly lower ($35,376 - $41,984) in all but Rutherford County ($56,219). Three of the five service area counties (Warren, Coffee, Cannon) have a higher percentage of residents in poverty than Tennessee's 17.6%. While 18.7% of the service area's total population is enrolled in TennCare compared to 21.1% for Tennessee, the rate is at or above the state average in all but Rutherford County.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population

** Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards.*

[2] Davidson County is number two, followed by Williamson County at number three.

If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2015, then default Projected Year is 2020.

RESPONSE: This table is provided on the following page, using the data sources and format requested.

Though seniors (age 65+) are high users of healthcare services, this project will benefit all population age cohorts. Therefore, there is not a separate target population for this project.

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census - 2015				TennCare	
	Total Population Current Year - 2017	Total Population Projected year - 2021	Total Population - % Change	*Target Population (Age 65+) - Current Year 2017	*Target Population (Age 65+) - Projected Year 2021	*Target Population % Change	Target Pop Projected Year as % of Total	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
Bedford	50,301	52,517	4.4%	all	all	4.4%	100%	36.6	$41 984	N/A	17.1%	12,696	25.2%
Cannon	14,562	15,035	3.2%	all	all	3.2%	100%	38.3	$41,533	N/A	18.4%	3,069	21.1%
Coffee	56,423	58,331	3.4%	all	all	3.4%	100%	39.7	$41,590	N/A	18.6%	13,616	24.1%
Rutherford	323,441	359,595	11.2%	all	all	11.2%	100%	32.9	$56,219	N/A	12.4%	49,992	15.5%
Warren	41,019	41,578	1.4%	all	all	1.4%	100%	39.5	$35,376	N/A	21.2%	11,316	27.6%
Service Area Total	485,746	527,056	8.5%	all	all	8.5%	100%	NA	NA	N/A	N/A	90,689	18.7%
State of TN Total	6,886,441	7,188,358	4.4%	all	all	4.4%	100%	37.6	$45,219	N/A	17.6%	1,454,231	21.1%

Source:TN DOH Health Statistics, Bureau of the Census - 2015, and Bureau of TennCare - May 2017

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: STRH provides care to all patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients.

In Tennessee, Ascension's Saint Thomas Health operates nine hospitals in addition to a comprehensive network of affiliated joint ventures, medical practices, clinics and rehabilitation facilities that cover a 68-county area and employ more than 8,000 associates. Across the state, Saint Thomas Health provided more than $78 million in community benefit and care of persons living in poverty in fiscal year 2016. Serving Tennessee for 15 years, Ascension is a faith-based healthcare organization committed to delivering compassionate, personalized care to all, with special attention to persons living in poverty and those most vulnerable. Ascension is the largest non-profit health system in the U.S. and the world's largest Catholic health system, operating 2,500 sites of care – including 141 hospitals and more than 30 senior living facilities – in 24 states and the District of Columbia.

In terms of the service area population, Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 36,154 persons.[3] As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%. These statistics indicate that there will be a need for the beds proposed by STRH.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: The following information was compiled from the TDH standard Report for Hospitals, 2013-2015. Besides STRH, TriStar StoneCrest Medical Center is the only other medical-surgical hospital in the primary service area (Rutherford County). Each of the secondary service area counties also has a medical-surgical hospital.

However, as the data below indicates, STRH is approximately three times larger than the second largest service area medical-surgical hospital. This is true across a range of metrics – beds, admissions, patient days, average daily census. The other service area medical-surgical hospitals are simply not an alternative to the proposed project in terms of the level of care provided at STRH.

[3] Davidson County is number two, followed by Williamson County at number three.

Rutherford County - TriStar StoneCrest Medical Center

	2013	2014	2015	% change from 2013-2015
Licensed Beds	109	109	109	
Staffed Beds	109	109	109	
Admissions	5,124	5,277	5,208	
Patient Days	16,254	17,480	18,252	+12.3%
ADC	45	48	50	
ALOS	3.2	3.3	3.5	
%Staffed Occupancy	40.9%	43.9%	45.9%	
% Licensed Occupancy	40.9%	43.9%	45.9%	+12.2% or 5.0 pct pts

Rutherford County – TrustPoint Hospital

	2013	2014	2015	% change from 2013-2015
Licensed Beds	86	96	101	
Staffed Beds	86	96	100	
Admissions	1,527	2,418	2,941	
Patient Days	14,451	21,095	26,613	+84.2%
ADC	40	58	73	
ALOS	9.5	8.7	9.0	
%Staffed Occupancy	46.0%	60.2%	72.9%	
% Licensed Occupancy	46.0%	60.2%	72.2%	+57.0% or 26.2 pct pts

Bedford County – Heritage Medical Center

	2013	2014	2015	% change from 2013-2015
Licensed Beds	60	60	60	
Staffed Beds	60	52	52	
Admissions	1,930	1,793	1,594	
Patient Days	5,723	6,220	6,002	+4.9%
ADC	16	17	16	
ALOS	3.0	3.5	3.8	
%Staffed Occupancy	26.1%	32.8%	31.6%	
% Licensed Occupancy	26.1%	28.4%	27.4%	+5.0% or 1.3 pct pts

Cannon County – Saint Thomas Stones River Hospital

	2013	2014	2015	% change from 2013-2015
Licensed Beds	60	60	60	
Staffed Beds	50	50	50	
Admissions	696	794	840	
Patient Days	4,525	4,816	5,469	+20.9%
ADC	12	13	15	
ALOS	6.5	6.1	6.5	
%Staffed Occupancy	24.8%	26.4%	30.0%	
% Licensed Occupancy	20.7%	22.0%	25.0%	+20.8% or 4.3 pct pts

Coffee County – Harton Regional Medical Center

	2013	2014	2015	% change from 2013-2015
Licensed Beds	135	135	135	
Staffed Beds	107	107	115	
Admissions	4,815	4,834	4,742	
Patient Days	19,549	20,521	20,532	+5.0%
ADC	54	56	56	
ALOS	4.1	4.2	4.3	
%Staffed Occupancy	50.1%	52.5%	48.9%	
% Licensed Occupancy	39.7%	41.6%	41.7%	+5.0% or 2.0 pct pts

Coffee County – United Regional Medical Center (incl. Med Ctr of Manchester)

	2013	2014	2015	% change from 2013-2015
Licensed Beds	79	79	49	
Staffed Beds	51	51	36	
Admissions	2,160	1,914	1,136	
Patient Days	7,536	6,065	3,768	-50.0% (consolidated in 2015)
ADC	20	16	10	
ALOS	3.5	3.2	3.3	
%Staffed Occupancy	39.2%	32.6%	28.7%	
% Licensed Occupancy	25.3%	21.0%	21.1%	-16.6% or -4.2 pct pts

Warren County – Saint Thomas River Park Hospital

	2013	2014	2015	% change from 2013-2015
Licensed Beds	125	125	125	
Staffed Beds	125	125	125	
Admissions	3,207	2,935	2,875	
Patient Days	11,395	11,341	11,996	+5.3%
ADC	31	31	33	
ALOS	3.6	3.9	4.2	
%Staffed Occupancy	25.0%	24.9%	26.3%	
% Licensed Occupancy	25.0%	24.9%	26.3%	+5.2% or 1.3 pct pts

F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: From the data reported below, it appears at least initially that inpatient bed utilization at STRH has remained relatively constant over the past three reporting years.

Rutherford County – Saint Thomas Rutherford Hospital

	2013	2014	2015	% change from 2013-2015
Licensed Beds	286	286	286	
Staffed Beds	268	268	285	
Admissions	16,176	15,642	15,873	
Patient Days	63,503	58,744	63,688	+0.3%
ADC	174	161	174	
ALOS	3.9	3.8	4.0	
% Staffed Occupancy	64.9%	60.1%	61.2%	
% Licensed Occupancy	60.8%	56.3%	61.0%	+0.3% or +0.2 pct pts

However, this is too simplistic a view of the true bed utilization at STRH. Even by expanding staffed beds to fully licensed capacity, STRH's true bed utilization has approached 90% utilization the past two years.

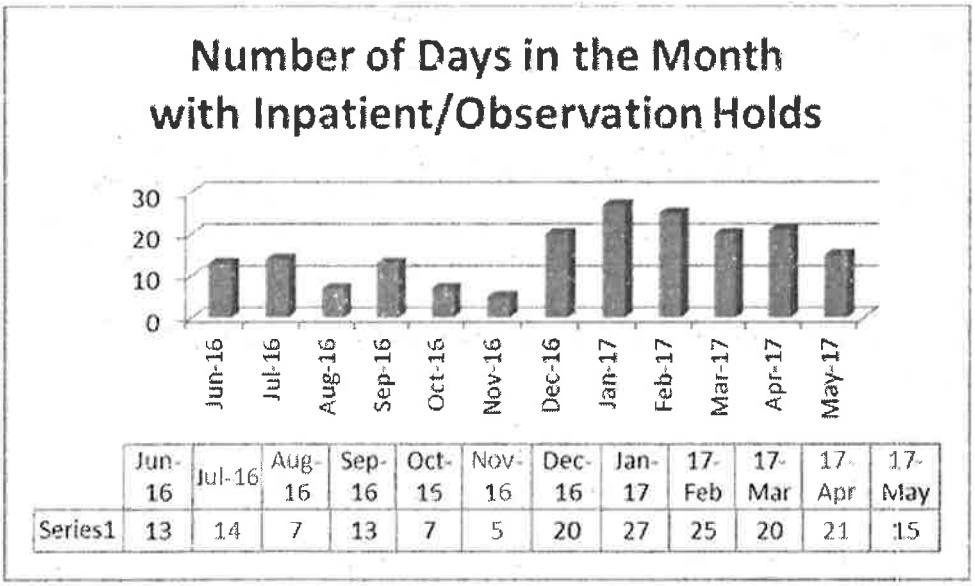
As the Agency is aware, there is a push among both government and commercial payors to implement so-called "two midnight" rules and other methods to reduce payment as inpatient hospital stays. On any given day, STRH will have more than 60 patients in a hospital bed, many still undergoing a "status" determination for inpatient or outpatient reimbursement purposes. This can go on for more than 36 hours, rendering traditional ER holding areas inappropriate.

The utilization statistics below are from STRH's internal financial reporting data, which tracks both inpatients and outpatients. The hospital's existing 286 licensed beds are essentially occupied on any given day by 190 inpatients and another 60 outpatients (observation, surgical/procedural 23-hour stays, etc.). What appears to be 60%-70% bed utilization quickly becomes nearly 90% bed utilization.

STRH Bed Utilization Components, FY2016 & FY2017
Midnight Census, Sunday - Saturday

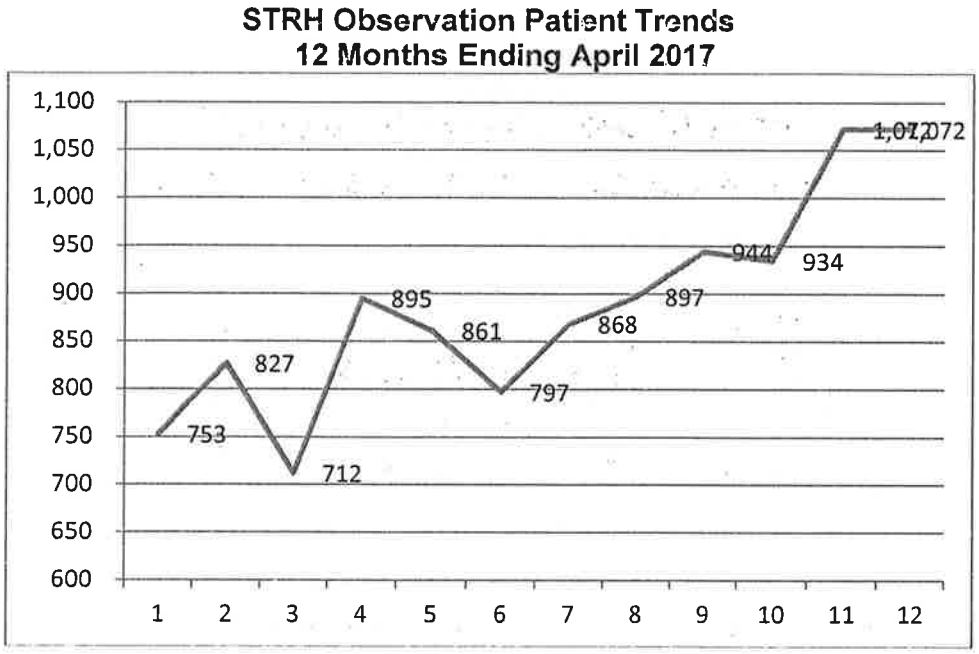
	Actual Daily Inpatient Census	Outpatients in a Bed	Actual Daily Total Census
FY2016	63,674	24,772	88,446
ADC	174	68	242
Occupancy %	60.8%	23.7%	84.5%
FY2017 (10 months)	63,118	20,178	83,296
ADC	188	60	249
Occupancy %	65.9%	21.1%	86.9%
Last 12 months	68,706	22,180	90,886
ADC	188	61	249
Occupancy %	65.8%	21.2%	87.1%

The situation for patients, families and admitting physicians becomes even more dire when weekday peaks are considered. As a result, STRH is unable to place a patient in a bed about half the days in a month, resulting in "holds" being placed on existing inpatient and observation beds.

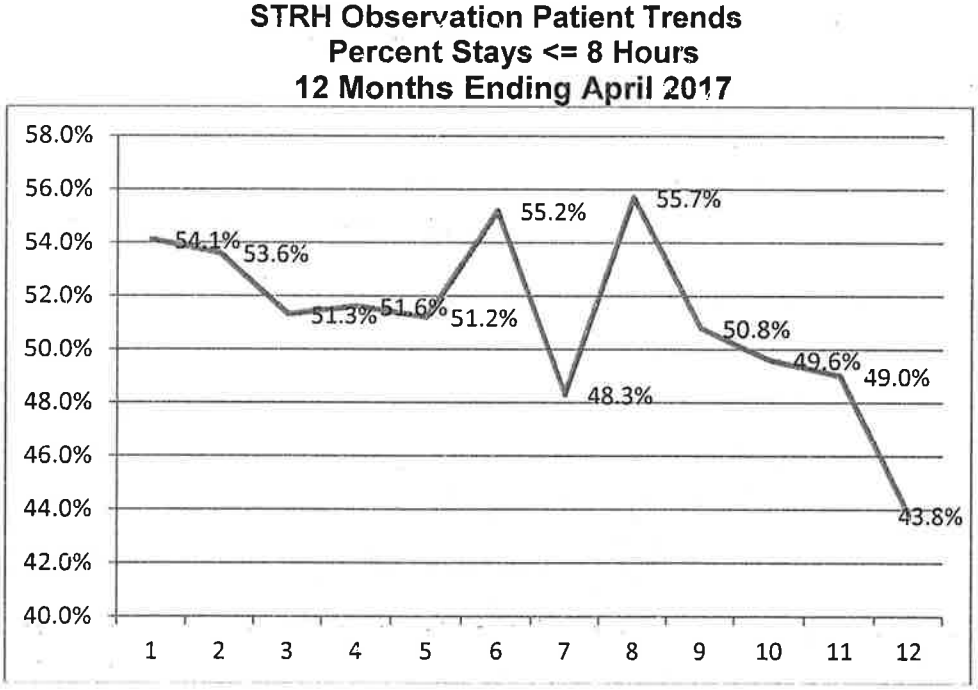


	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	17-Feb	17-Mar	17-Apr	17-May
Series1	13	14	7	13	7	5	20	27	25	20	21	15

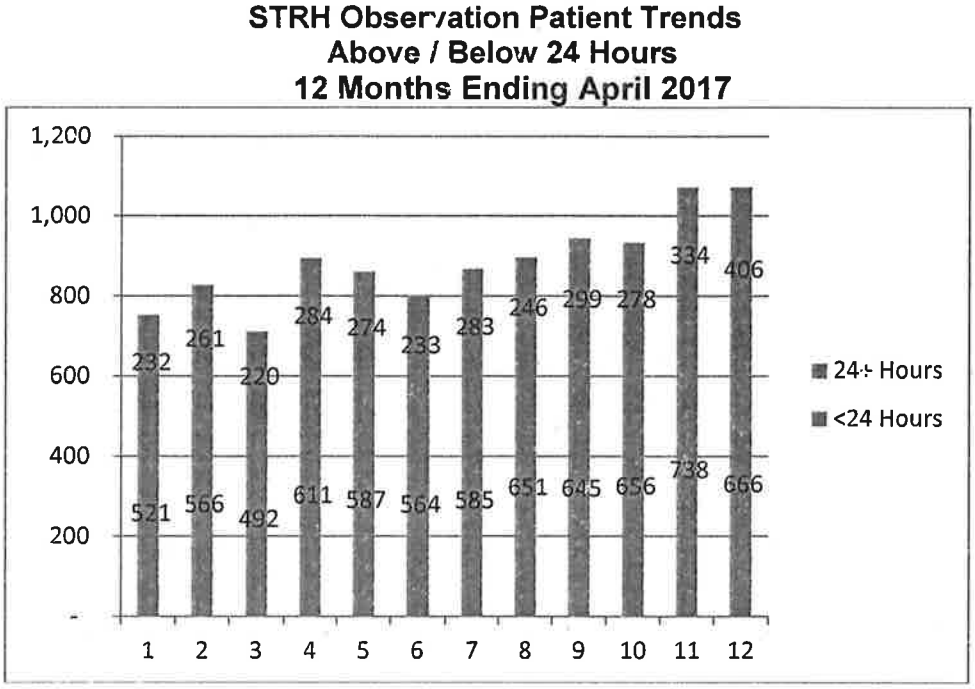
Stated another way, observation patient volume (excluding other outpatients) continues to increase at STRH.



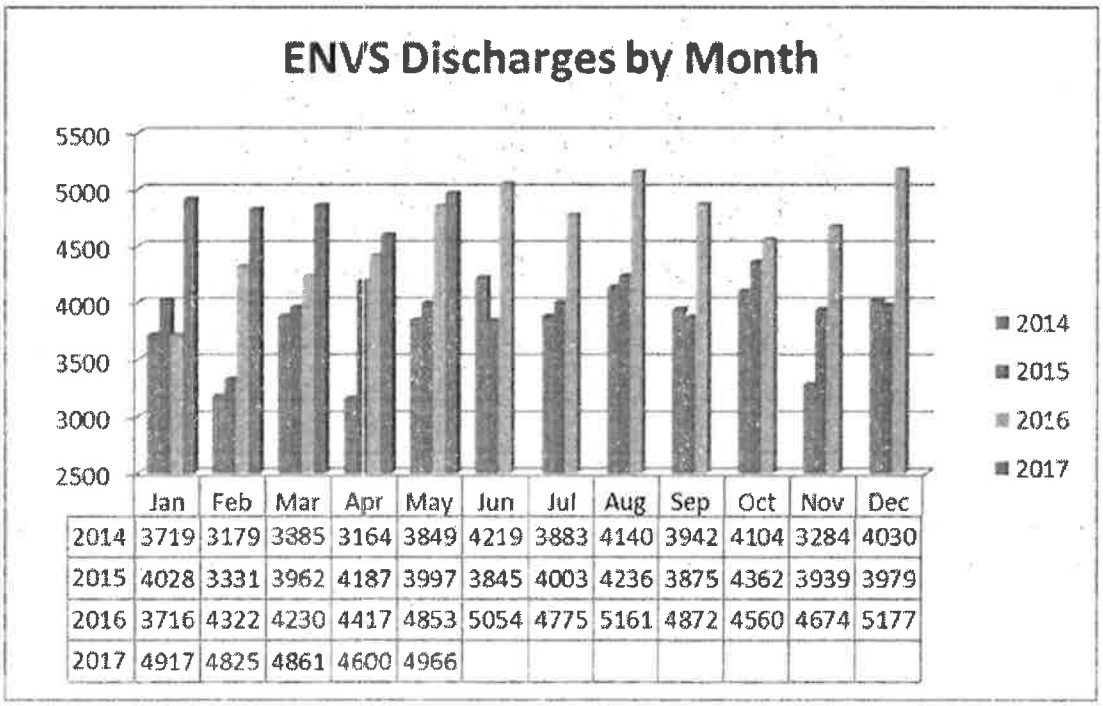
Within this increase, shorter stay observation patients (eight hours or less) are declining as a percentage of the total.



The increase in observation stays of 24+ hours has increased significantly during this same time period.



STH maintains a "transfer center" to optimize bed utilization. While this has decreased the turnaround time for making beds available, it has not eliminated the bed shortage. The following data reports the number of times that a bed is turned over for a new patient by STRH's environmental services department. In 2014, a high turnover month had about 4,000 discharges. In 2017, this number has increased to almost 5,000 discharges in most months.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	3719	3179	3385	3164	3849	4219	3883	4140	3942	4104	3284	4030
2015	4028	3331	3962	4187	3997	3845	4003	4236	3875	4362	3939	3979
2016	3716	4322	4230	4417	4853	5054	4775	5161	4872	4560	4674	5177
2017	4917	4825	4861	4600	4966							

With one of the busiest emergency departments in the state, STRH records more than 90,000 patient visits per year. Through a partnership with the University of Tennessee College of Medicine, STRH's emergency department is the home for the UT Emergency Medicine Residency Program. STRH is addressing short duration ED observation patient volumes outside the scope of this CON application.

Both growth in population and traffic congestion are major drivers in ED utilization and overall services at STRH. The largest physician group in the community, Murfreesboro Medical Clinic, is constantly adding providers to its staff and supports this bed expansion project. The Clinic sees over 30,000 patients per month. More significantly, the Clinic averages more than 1,429 new patients per month. This is one component driving incresed bed utilization at STRH.

Another component is the recently opened Saint Thomas Medical Partners – New Salem, a full-service care site designed to meet medical needs close to home. Saint Thomas is consistently exploring less costly outpatient alternatives to care, even if it results in less revenue for the health system.

Rutherford County is the fastest growing county in Tennessee. Despite the rapid population growth in the service area, STRH is projecting relatively modest gains in bed utilization – less than 1% per year overall – due to inpatient and observation bed hold conditions. Even at this rate, without additional beds, STRH will be runing 97.9% occupancy by 2019. Therefore, the major impact of this project is to reduce bed occupancy to a more manageable 80%, including outpatient and observation patients, thus averting many bed holds.

Rutherford County – Saint Thomas Rutherford Hospital

	2016 Actual	2017 Interim	2018 Interim	2019 Interim	2020 Year 1	2021 Year 2
Licensed Beds	286	286	286	286	358	358
Staffed Beds	286	286	286	286	358	358
Admissions	18,931	19,320	19,709	20,098	20,487	20,782
Patient Days	78,502	79,108	79,714	80,320	80,924	82,089
ADC	215	217	218	220	222	225
ALOS	4.1	4.1	4.0	4.0	4.0	4.0
% Staffed Occupancy	75.2%	76.1%	76.5%	77.2%	62.0%	62.8%
% Licensed Occupancy	75.2%	76.1%	76.5%	77.2%	62.0%	62.8%
Outpatients in Beds	60	60	60	60	60	60
Adjusted ADC	275	277	278	280	282	285
% Licensed Occupancy	96.2%	96.9%	97.2%	97.9%	78.8%	79.6%

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

1) All projects should have a project cost of at least $15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

RESPONSE: The applicant acknowledges that the filing fee shall be an amount equal to $5.75 per $1,000 of the estimated project cost involved, but in no case shall the fee be less than $15,000 or more than $95,000. At an estimated project cost of $47,383,943 (Project Cost Form, line D), the calculated filing fee would be $272,458. Therefore, the maximum filing fee threshold has been reached. Enclosed please find a filing fee check in the amount of $95,000 made payable to the Health Services and Development Agency.

2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

RESPONSE: Not applicable. This project does not involve any leases.

3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

RESPONSE: Reported equipment costs are consistent with these guidelines.

4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

RESPONSE: The applicant has completed the Square Footage Chart as required.

5) For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

a) A general description of the project;

b) An estimate of the cost to construct the project;

c) A description of the status of the site's suitability for the proposed project; and

d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA

Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

RESPONSE: Please see the licensed architect's construction cost verification letter in **Tab 10 – Attachment Section B-A5**.

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PROJECT COST CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$3,718,658
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$1,175,000
	3.	Acquisition of Site	
	4.	Preparation of Site	$2,000,000
	5.	Total Construction Costs	$22,188,000
	6.	Contingency Fund	$4,979,984
	7.	Fixed Equipment (Not included in Construction Contract)	$5,362,468
	8.	Moveable Equipment (List all equipment over $50,000 as separate attachments)	$2,854,184
	9.	Other (Specify) Furnishings, Furniture	$4,605,649
B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify)	
	5.	Other (Specify)	
C.	Financing Costs and Fees:		
	1.	Interim Financing	
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify)	
D.	Estimated Project Cost (A+B+C)		$47,383,943
E.	CON Filing Fee		$95,000
F.	Total Estimated Project Cost (D+E)	**TOTAL**	$47,478,943

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)***

__ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

__ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

__ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;

__ 4) Grants – Notification of intent form for grant application or notice of grant award;

X 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

__ 6) Other – Identify and document funding from all other sources.

RESPONSE: The project costs will be paid from existing cash reserves at Ascension, the parent of Saint Thomas Health. Please see **Tab 11 – Attachment Section B-B5**.

C. Complete Historical Data Charts on the following two pages—***Do not modify the Charts provided or submit Chart substitutions!***

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Please refer to the completed historical data chart for the existing STRH facility on the following pages.

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

HISTORICAL DATA CHART

■ Total Facility
□ Project Only

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in CY Jan reported (Month).

		Year 2014	Year 2015	Year 2016
A.	Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) **RESPONSE:** Units of measure are patient days.	57,127	66,567	78,502
B.	Revenue from Services to Patients			
1.	Inpatient Services	$ 463,131,361	$ 550,171,044	$ 658,073,091
2.	Outpatient Services	306,484,464	341,935,627	342,868,123
3.	Emergency Services	179,833,849	192,610,130	214,926,111
4.	Other Operating Revenue *(Provider Tax, JV Imaging, USPI)*	12,711,815	13,212,264	13,138,168
	Gross Operating Revenue	$ 962,161,489	$1,097,929,065	$1,229,005,493
C.	Deductions from Gross Operating Revenue			
1.	Contractual Adjustments	$ 639,973,486	$ 739,881,294	$ 829,540,194
2.	Provision for Charity Care	48,738,222	52,925,661	75,100,095
3.	Provisions for Bad Debt	16,440,606	19,829,756	20,276,736
	Total Deductions	$ 705,152,314	$ 812,636,711	$ 924,917,025
NET OPERATING REVENUE		$ 257,009,175	$ 285,292,354	$ 304,088,468
D.	Operating Expenses			
1.	Salaries and Wages			
a.	Direct Patient Care	$ 64,941,293	71,988,473	77,953,112
b.	Non-Patient Care	2,705,887	2,999,520	3,248,046
2.	Physician's Salaries and Wages	5,963,118	6,829,013	8,591,535
3.	Supplies	34,177,396	38,918,207	40,859,772
4.	Rent			
a.	Paid to Affiliates			
b.	Paid to Non-Affiliates	3,607,725	3,298,565	3,314,231
5.	Management Fees:			
a.	Paid to Affiliates	36,159,231	43,726,719	51,082,626
b.	Paid to Non-Affiliates			
6.	Other Operating Expenses	48,205,725	49,349,241	47,122,863
	Total Operating Expenses	$195,760,375	$217,109,738	$232,172,185
E.	**Earnings Before Interest, Taxes and Depreciation**	$ 61,248,800	$ 68,182,616	$ 71,916,283
F.	Non-Operating Expenses			
1.	Taxes	$	$	$
2.	Depreciation	21,004,272	20,385,133	16,988,133
3.	Interest	1,934,343	1,928,631	1,969,776
4.	Other Non-Operating Expenses			
	Total Non-Operating Expenses	$ 22,938,615	$ 22,313,764	$ 18,957,909
NET INCOME (LOSS)		$ 38,310,185	$ 45,868,852	$ 52,958,374

Chart Continues Onto Next Page

NET INCOME (LOSS)	$ 38,310,185	$ 45,868,852	$ 52,958,374
G. Other Deductions			
1. Annual Principal Debt Repayment	$_____	$_____	$_____
2. Annual Capital Expenditure	_____	_____	_____
Total Other Deductions	$_____	$_____	$_____
NET BALANCE	$ 38,310,185	$ 45,868,852	$ 52,958,374
DEPRECIATION	21,004,272	20,385,133	16,988,133
FREE CASH FLOW (Net Balance + Depreciation)	$ 59,314,457	$ 66,253,985	$ 69,946,507

■ Total Facility
□ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2014	Year 2015	Year 2016
1. Purchased Services	$ 21,273,122	$ 23,319,233	$ 26,147,847
2. Provider Tax Expense	18,498,669	16,658,601	10,526,695
3. All Other	8,433,934	9,371,407	10,448,321
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
Total Other Expenses	**$48,205,725**	**$49,349,241**	**$47,122,863**

NET INCOME (LOSS)	$ 38,310,185	$ 45,868,852	$ 52,958,374
G. Other Deductions			
1. Annual Principal Debt Repayment	$_____	$_____	$_____
2. Annual Capital Expenditure	_____	_____	_____
Total Other Deductions	$_____	$_____	$_____
NET BALANCE	$ 38,310,185	$ 45,868,852	$ 52,958,374
DEPRECIATION	21,004,272	20,385,133	16,988,133
FREE CASH FLOW (Net Balance + Depreciation)	$ 59,314,457	$ 66,253,985	$ 69,946,507

☒ Total Facility
☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2014	Year 2015	Year 2016
1. Purchased Services	$ 21,275,122	$ 23,319,233	$ 26,147,847
2. Provider Tax Expense	18,498,669	16,658,601	10,523,695
3. All Other	8,433,934	9,371,407	10,443,321
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
Total Other Expenses	**$48,205,725**	**$49,349,241**	**$47,122,863**

D. Complete Projected Data Charts on the following two pages – ***Do not modify the Charts provided or submit Chart substitutions!***

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Please refer to the completed projected data chart for the existing STRH facility on the following pages.

■ Total Facility
□ Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in CY Jan reported (Month).

		Year 2020	Year 2021
A.	Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) **RESPONSE:** Units of measure are patient days.	80,924	82,089
B.	Revenue from Services to Patients		
1.	Inpatient Services	$808,078,000	$860,555,000
2.	Outpatient Services	276,060,800	293,856,000
3.	Emergency Services	414,091,200	440,784,000
4.	Other Operating Revenue (Specify)_____	13,245,000	13,510,000
	Gross Operating Revenue	$1,511,475,000	$1,608,705,000
C	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$1,055,559,600	$1,132,732,800
2.	Provision for Charity Care	93,827,520	100,687,360
3.	Provisions for Bad Debt	23,456,880	25,171,840
	Total Deductions	$1,172,844,000	$1,258,592,000
NET OPERATING REVENUE		$338,631,000	$ 350,113,000
D.	Operating Expenses		
1.	Salaries and Wages		
a.	Direct Patient Care	84,144,960	87,250,560
b.	Non-Patient Care	3,506,040	3,635,440
2.	Physician's Salaries and Wages	11,014,300	11,385,440
3.	Supplies	48,235,000	51,076,000
4.	Rent		
a.	Paid to Affiliates		
b.	Paid to Non-Affiliates	3,407,000	3,414,000
5.	Management Fees:		
a.	Paid to Affiliates	59,606,000	61,710,000
b.	Paid to Non-Affiliates		
6.	Other Operating Expenses	50,573,700	52,166,560
	Total Operating Expenses	$ 260,487,000	$ 270,638,000
E.	**Earnings Before Interest, Taxes and Depreciation**	$ 78,144,000	$ 79,475,000
F.	Non-Operating Expenses		
1.	Taxes	$	$
2.	Depreciation	17,349,000	17,865,000
3.	Interest	2,802,000	3,026,000
4.	Other Non-Operating Expenses		
	Total Non-Operating Expenses	$ 20,151,000	$ 20,891,000
NET INCOME (LOSS)		$ 57,993,000	$ 58,584,000

Chart Continues Onto Next Page

NET INCOME (LOSS)	$ 57,993,000	$ 58,584,000
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	$_____	$_____
2. Annual Capital Expenditure	_____	_____
Total Other Deductions	$_____	$_____
NET BALANCE	$ 57,993,000	$ 58,584,000
DEPRECIATION	17,349,000	17,865,000
FREE CASH FLOW (Net Balance + Depreciation)	$ 75,342,000	$ 76,449,000

■ Total Facility
□ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2020	Year 2021
1. Purchased Services	$ 28,170,000	$ 28,986,000
2. Provider Tax Expense	12,983,000	13,358,000
3. All Other	9,420,700	9,822,560
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
Total Other Expenses	**$ 50,573,700**	**$ 52,166,560**

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year 2016	Current Year 2017	Year One 2020	Year Two 2021	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	16,494	15,656	18,678	19,597	25.18%
Deduction from Revenue *(Total Deductions/Utilization Data)*	12,208	11,782	14,493	15,332	30.13%
Average Net Charge *(Net Operating Revenue/Utilization Data)*	4,286	3,874	4,185	4,265	10.10%

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: Data in the table above actually cover a six-year period, beginning in 2016 and ending in 2021. As indicated in the table above, the charges for services (discharges) at STRH will not be impacted significantly by the proposed project. Gross charges increase at 3.5% per year while net charges actually decrease by 0.1% per year.

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: The only medical-surgical hospital in the service area remotely comparable to STRH in terms of size and services is TriStar StoneCrest Medical Center. A comparison of the 2015 JAR data indicate an average gross charge per admission of $31,001 at STRH compared to $37,367 at StoneCrest.

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1**. **NOTE: Publicly held entities only need to reference their SEC filings.**

RESPONSE: As indicated in the Historical Data Chart and the Projected Data Chart, STRH was financially feasible before the proposed bed addition and is expected to remain financially feasible with the proposed bed addition.

Funding for the project will come from Ascension, the parent of Saint Thomas Health. The substantial resources of this organization is documented in the attachments. See **Tab 12 – Attachment Section B-F1**.

2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	23.8%	23.9%	23.6%	23.1%	22.7%

3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: Ascension, the parent of STRH and Saint Thomas Health is appropriately capitalized to undertake the proposed bed project. Please refer to the table below.

Ascension Capitalization Ratio Calculation

Dollars in ($000s)	2016	2015
Long-term debt	$ 5,427,616	$ 5,010,084
Total net assets	18,593,040	18,932,662
Subtotal	24,020,656	23,942,746
Capitalization Ratio	**22.6%**	**20.9%**

Source: Audited Financial Statements, Consolidated Balance Sheet

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

RESPONSE: STHRH will maintain the same payor relationships, including contracts with Medicare and all TennCare MCOs, that are currently in place for the hospital. Furthermore, STRH will follow the same financial assistance policies that are currently in place. Please refer to **Tab 13 – Attachment Section B-G** for a copy of the STRH financial assistance policies.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	$ 705,858,825	46.7%
TennCare/Medicaid	155,681,925	10.3%
Commercial/Other Managed Care	467,045,775	30.9%
Self-Pay	137,544,225	9.1%
Other (Other gov't, Workers Comp)	45,344,250	3.0%
Total	$1,511,475,000	100.0%
Charity Care	93,827,520	6.2%

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: The following table compares the staffing for STRH before and after the proposed bed addition.

Position Classification	Existing FTEs (enter year) 2017	Projected FTEs Year 1 2020	Average Wage (Contractual Rate) 2020	Area Wide/Statewide Average Wage 2016
A. Direct Patient Care Positions				
RNs	522	+19 = 541	32.98	28.08
LPNs	10	+2 = 12	22.84	18.23
Tech	337	+10 = 347	15.07	11.46
PT/SP/OT/Resp Ther	55	+0 = 55	36.14	34.78
Social Worker	105	+0 = 105	32.34	28.98
Total Direct Patient Care Positions	1,029	+31 = 1,060		
B. Non-Patient Care Positions				
Management	36	+1 = 37	44.47	39.82
Clerical	7	+0 = 8	19.14	14.62
Total Non-Patient Care Positions	43	+1 = 44		
Total Employees *(A+B)*	1,072	1,104		
C. Contractual Staff				
Total Staff *(A+B+C)*	1,072	1,104		

RESPONSE: STRH will continue to provide competitive pay for its various employees.

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

RESPONSE: Constructing two floors atop an existing patient bed tower (originally designed for vertical expansion) was deemed the least costly, most effective and most efficient alternative to address the very high utilization of hospital beds at STRH.

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: STRH is currently staffing all 286 of its 286 licensed beds. There are no alternatives to new construction.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: STRH has many active managed care contracts in place to provide for seamless care of its patients. These contracts are part of the Saint Thomas Health network and include:

- Aetna
  - Commercial plans only
  - Aetna Medicare Advantage
- AMERIGROUP Community Care
  - TennCare
- Alive Hospice
- Avalon Hospice
- BC/BS of TN (BCBST)
  - Network P
  - Network S
  - Network M
  - BlueCare (TennCare)
  - TennCare Select
  - Cover Kids
  - D-SNP
  - Blue Advantage (Medicare Advantage)
- Bluegrass Family Health
- Caris Healthcare (Hospice)
- CenterCare Managed Care Programs
- CIGNA
  - Commercial plans
  - CIGNA Connect (Exchange Plan) *(beginning Jan 1, 2017)*

- CIGNA HealthSpring
  - Medicare Advantage
- Community Health Plan (fka Americhoice)
- TennCare
- CorVel Corporation (Workers' Compensation)
- Coventry Health Care
- Tennessee Division of Rehabilitation Services
- FOCUS Healthcare Management (Workers' Compensation)
- Humana Health Care Plans
  - Commercial Plans
  - Medicare Advantage
- KY Medicaid
  - Standard Medicaid only
- Kentucky Health Cooperative
  - Kentucky ACO for the Exchange/Marketplace that uses the Coventry network
- Mission Point Health Partners
  - Network M
  - Network E
- MultiPlan
- National Rural Electric Cooperative Association Group
- Nexcaliber (fka Associated Administrators Group, Inc.
- NovaNet
- OccuComp (Workers' Compensation)
- Odyssey Healthcare (Hospice)
- Prime Health
  - Workers' Compensation
  - Commercial Network
- Private Healthcare Systems (PHCS)
- TriCare for Life
- TRICARE North
  - HealthNet Federal Services
- TRICARE South
  - Humana Military
- TriWest
- United Behavioral Health (UBH)
- United Healthcare
  - Commercial plans
  - Medicare Advantage plans
- USA Managed Care Organization
- VHAN (Vanderbilt Health Affiliated Networks
  - Saint Thomas Midtown Hospital
  - Saint Thomas Rutherford Hospital
- Wellcare / Windsor HealthCare
  - Medicare Advantage

B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

RESPONSE: Besides STRH, TriStar StoneCrest Medical Center is the only other medical-surgical hospital in the primary service area (Rutherford County). Each of the secondary service area counties also has a medical-surgical hospital. However, as the data indicates, STRH is approximately three times larger than the second largest service area medical-surgical hospital. This is true across a range of metrics – beds, admissions, patient days, average daily census. The other service area medical-surgical hospitals are simply not an alternative to the proposed project in terms of the level of care provided at STRH.

STRH's existing 286 licensed beds are essentially occupied on any given day by 190 inpatients and another 60 outpatients (observation, surgical/procedural 23-hour stays, etc.). What appears to be 60%-70% bed utilization quickly becomes nearly 90% bed utilization.

The situation for patients, families and admitting physicians becomes even more dire when weekday peaks are considered. As a result, STRH is unable to place a patient in a bed about half the days in a month, resulting in "holds" being placed on existing inpatient and observation beds.

Stated another way, observation patient volume (excluding other outpatients) continues to increase at STRH. Within this increase, shorter stay observation patients (eight hours or less) are declining as a percentage of the total. The increase in observation stays of 24+ hours has increased significantly during this same time period.

With one of the busiest emergency departments in the state, STRH records more than 90,000 patient visits per year. Through a partnership with the University of Tennessee College of Medicine, STRH's emergency department is the home for the UT Emergency Medicine Residency Program. STRH is addressing short duration ED observation patient volumes outside the scope of this CON application.

Both growth in population and traffic congestion are major drivers in ED utilization and overall services at STRH. The largest physician group in the community, Murfreesboro Medical Clinic, is constantly adding providers to its staff and supports this bed expansion project. The Clinic sees over 30,000 patients per month. More significantly, the Clinic averages more than 1,429 new patients per month. This is one component driving incresed bed utilization at STRH.

Another component is the recently opened Saint Thomas Medical Partners – New Salem, a full-service care site designed to meet medical needs close to home. Saint Thomas is consistently exploring less costly outpatient alternatives to care, even if it results in less revenue for the health system.

Rutherford County is the fastest growing county in Tennessee. Despite the rapid population growth in the service area, STRH is projecting relatively modest gains in bed utilization – less than 1% per year overall – due to inpatient and observation bed hold conditions. Even at this rate, without additional beds, STRH will be runing 97.9% occupancy by 2019. Therefore, the major impact of this project is to reduce bed occupancy to a more

manageable 80%, including outpatient and observation patients, thus averting many bed holds.

2) Negative Effects

RESPONSE: Besides STRH, TriStar StoneCrest Medical Center is the only other medical-surgical hospital in the primary service area (Rutherford County). Each of the secondary service area counties also has a medical-surgical hospital. However, as the data indicates, STRH is approximately three times larger than the second largest service area medical-surgical hospital. This is true across a range of metrics – beds, admissions, patient days, average daily census. The other service area medical-surgical hospitals are simply not an alternative to the proposed project in terms of the level of care provided at STRH.

Rutherford County is the fastest growing county in Tennessee. Despite the rapid population growth in the service area, STRH is projecting relatively modest gains in bed utilization – less than 1% per year overall – due to inpatient and observation bed hold conditions. Even at this rate, without additional beds, STRH will be runing 97.9% occupancy by 2019. Therefore, the major impact of this project is to reduce bed occupancy to a more manageable 80%, including outpatient and observation patients, thus averting many bed holds.

C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: The STRH is currently and appropriately staffed for a census of 277 patients. A census of 285 patients is projected for Year 2 and will require approximately 31 more clinical FTEs over the existing 1,029 clinical FTEs. Additional staff will be recruited using the existing resources of both STRH and Saint Thomas Health.

2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: STRH already maintains a large medical-surgical hospital and understands the licensure and certification requirements for medical and clinical staff.

Please see **Tab 14 – Attachment Section B-C2** for copies of the quality management and utilization management plans.

3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: STRH maintains residency programs in family medicine and emergency medicine in conjunction with the University of Tennessee College of Medicine. Other

programs are included in the attachments. 7-1 Please see **Tab 15 – Attachment Section B-C3.**

D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: TDOH Board for Licensing Health Care Facilities

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): TDOH Medicare, TennCare

Accreditation (i.e., Joint Commission, CARF, etc.): The Joint Commission

RESPONSE: STRH already maintains a large medical-surgical hospital and understands the licensure and certification requirements applicable to the project.

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

RESPONSE: STRH is fully licensed and accredited.

Please see **Tab 16 – Attachment Section B-D1** for a copy of STRH's hospital license.

Please see **Tab 17 – Attachment Section B-D1** for a copy of STRH's accreditation letters.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

RESPONSE: Not applicable. STRH has no outstanding deficiencies.

3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

RESPONSE: Not applicable. STRH has had no state, federal, or accrediting body actions within the last three survey cycles.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

1) Has any of the following:

a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

RESPONSE: Acknowledged. Entities and persons with more than 5% ownership in the applicant have been identified and are addressed below.

2) Been subjected to any of the following:

a) Final Order or Judgment in a state licensure action;

b) Criminal fines in cases involving a Federal or State health care offense;

c) Civil monetary penalties in cases involving a Federal or State health care offense;

d) Administrative monetary penalties in cases involving a Federal or State health care offense;

e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

h) Is presently subject to a corporate integrity agreement.

RESPONSE: The applicant, STRH, is not subject to any of the actions identified above. Similarly, Saint Thomas Health is not subject to any of the actions identified above.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects					
CON Number	Project Name	Date Approved	*Annual Progress Report(s) Due Date	*Annual Progress Report(s) Date Filed	Expiration Date
CN1608-031A	Providence Surgery Center	12/14/16	12/14/17		2/1/19
CN1307-029AM	Baptist Plaza Surgicare	10/23/13 7/23/14	Operational	Final project report pending	3/30/17

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

RESPONSE: CN1608-031A was recently approved. CN1307-029AM has been open and operating since March 13, 2017. A final project report is pending.

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? Yes, Saint Thomas Health is a joint venture owner in Middle Tennessee Imaging

2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? Yes, various dates.

3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? Yes, various dates.

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

RESPONSE: Yes, STRH will continue to provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

RESPONSE: As described more fully throughout this application, the existing medical-surgical beds at STRH have been operating at nearly 90% utilization, resulting in inpatient/observation bed holds. This is a result of multiple factors: (1) increasing inpatient utilization from Rutherford County, (2) increasing inpatient in-migration from throughout the region, (3) increasing observation patient utilization and (4) increasing observation patient utilization exceeding 24 hours. Seventy-two (72) additional medical-surgical and extended observation beds are required to meet current and projected patient demand.

Besides STRH, TriStar StoneCrest Medical Center is the only other medical-surgical hospital in the primary service area (Rutherford County). Each of the secondary service area counties also has a medical-surgical hospital. However, as the data indicates, STRH is approximately three times larger than the second largest service area medical-surgical hospital. This is true across a range of metrics – beds, admissions, patient days, average daily census. The other service area medical-surgical hospitals are simply not an alternative to the proposed project in terms of the level of care provided at STRH.

STRH's existing 286 licensed beds are essentially occupied on any given day by 190 inpatients and another 60 outpatients (observation, surgical/procedural 23-hour stays, etc.). What appears to be 60%-70% bed utilization quickly becomes nearly 90% bed utilization.

The situation for patients, families and admitting physicians becomes even more dire when weekday peaks are considered. As a result, STRH is unable to place a patient in a bed about half the days in a month, resulting in "holds" being placed on existing inpatient and observation beds.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

RESPONSE: With one of the busiest emergency departments in the state, STRH records more than 90,000 patient visits per year. Through a partnership with the University of Tennessee College of Medicine, STRH's emergency department is the home for the UT Emergency Medicine Residency Program. STRH is addressing short duration ED observation patient volumes outside the scope of this CON application.

Both growth in population and traffic congestion are major drivers in ED utilization and overall services at STRH. The largest physician group in the community, Murfreesboro Medical Clinic, is constantly adding providers to its staff and supports this bed expansion project. The Clinic sees over 30,000 patients per month. More significantly, the Clinic averages more than 1,429 new patients per month. This is one component driving incresed bed utilization at STRH.

Another component is the recently opened Saint Thomas Medical Partners – New Salem, a full-service care site designed to meet medical needs close to home. Saint Thomas is consistently exploring less costly outpatient alternatives to care, even if it results in less revenue for the health system.

Rutherford County is the fastest growing county in Tennessee. Despite the rapid population growth in the service area, STRH is projecting relatively modest gains in bed utilization – less than 1% per year overall – due to inpatient and observation bed hold conditions. Even at this rate, without additional beds, STRH will be runing 97.9% occupancy by 2019. Therefore, the major impact of this project is to reduce bed occupancy to a more manageable 80%, including outpatient and observation patients, thus averting many bed holds.

C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

RESPONSE: This is the first service expansion CON application filed by STRH since the replacement hospital opened in 2010 and is consistent with Saint Thomas' long standing goal to maximize existing resources to the fullest extent possible before increasing service capacity.

Constructing two floors atop an existing patient bed tower (originally designed for vertical expansion) was deemed the least costly, most effective and most efficient alternative to address the very high utilization of hospital beds at STRH.

D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

RESPONSE: STRH maintains very active utilization review and quality improvement programs. STRH is licensed and fully accredited.

E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE: The STRH is currently and appropriately staffed for a census of 277 patients. A census of 285 patients is projected for Year 2 and will require approximately 31 more clinical FTEs over the existing 1,029 clinical FTEs. Additional staff will be recruited using the existing resources of both STRH and Saint Thomas Health.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

RESPONSE: Please see **Tabs 18 and 19 – Proof of Publication.**

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
2. **If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,* please state below any request for an extended schedule and document the "good cause" for such an extension.**

RESPONSE: Please see the project forecast completion chart, below.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		10/2017
2. Architectural and engineering contract signed	10	11/2017
3. Construction documents approved by the Tennessee Department of Health	30	12/2017
4. Construction contract signed	21	01/2018
5. Building permit secured	30	02/2018
6. Site preparation completed	N/A	
7. Building construction commenced	1	02/2018
8. Construction 40% complete	220	09/2018
9. Construction 80% complete	440	12/2019
10. Construction 100% complete (approved for occupancy	551	06/2020
11. *Issuance of License	10	06/2020
12. *Issuance of Service	10	07/2020
13. Final Architectural Certification of Payment	30	08/2020
14. Final Project Report Form submitted (Form HR0055)	30	09/2020

***For projects that *DO NOT* involve construction or renovation, complete Items 11 & 12 only.**

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Rutherford

Gordon B Ferguson, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Gordon B Ferguson, President & CEO
SIGNATURE/TITLE

Sworn to and subscribed before me this 13th day of July (Month), 2017 (Year) a Notary Public in and for the County/State of Rutherford / Tennessee.

DEBRA A DENTON
STATE OF TENNESSEE NOTARY PUBLIC
RUTHERFORD COUNTY

NOTARY PUBLIC

My commission expires 5/19 (Month/Day), 2020 (Year).

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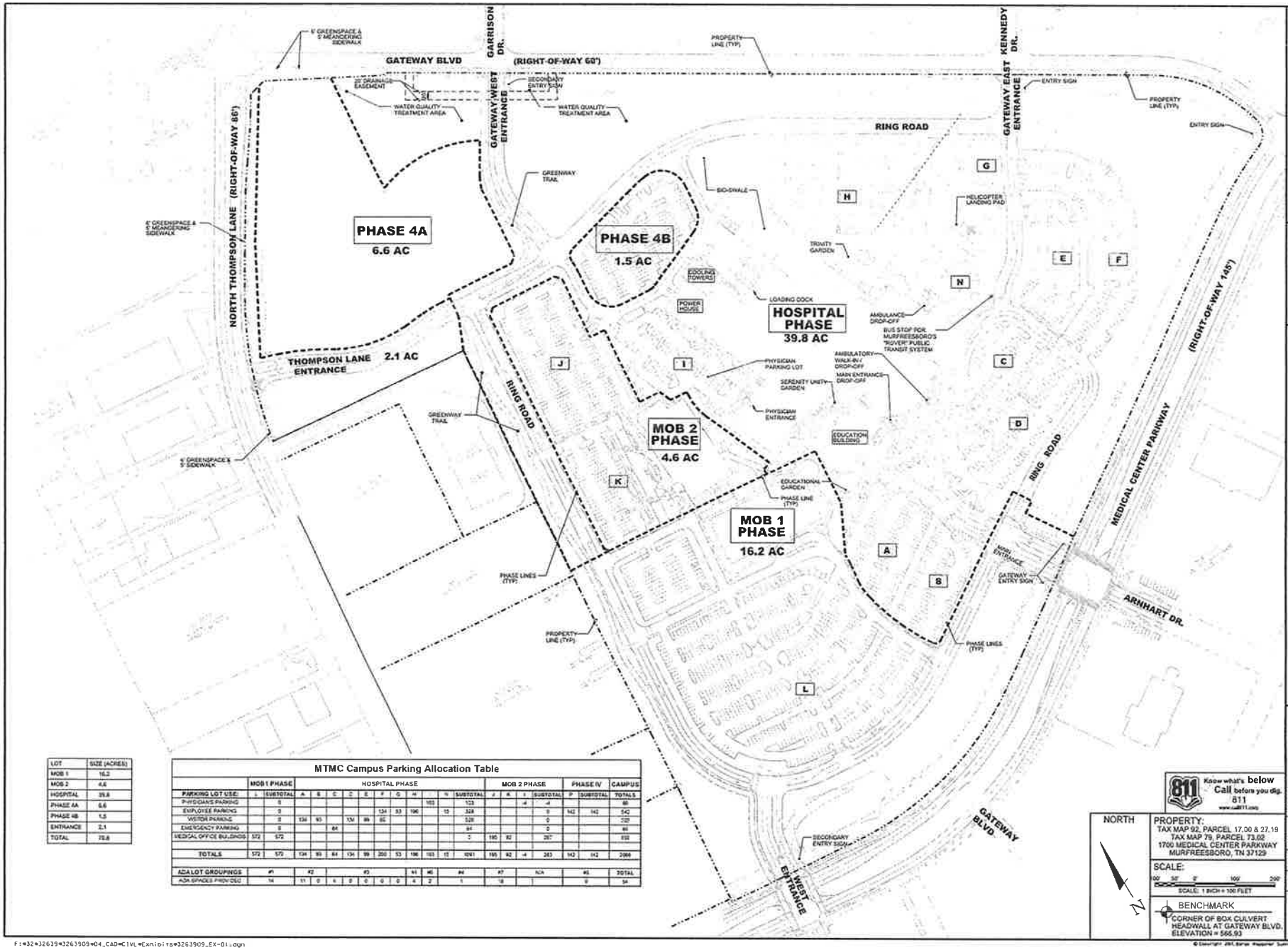
Tab 3 -
Tab 4 - Site Entitlement Documentation
Tab 5 - Plot Plan
Tab 6 - Floor Plan
Tab 7 - Traffic Articles
Tab 8 - Letter of Support

Attachment Section A-6B-1

Plot Plan



LOT	SIZE (ACRES)
MOB 1	16.2
MOB 2	4.6
HOSPITAL	39.8
PHASE 4A	6.6
PHASE 4B	1.5
ENTRANCE	2.1
TOTAL	70.8

MTMC Campus Parking Allocation Table

	MOB 1 PHASE	HOSPITAL PHASE											MOB 2 PHASE				PHASE IV		CAMPUS
PARKING LOT USE:	1	SUBTOTAL	A	B	C	D	E	F	G	H	I	SUBTOTAL	J	K	L	SUBTOTAL	P	SUBTOTAL	TOTALS
PHYSICIAN'S PARKING		0									103	103			-4	-4			99
EMPLOYEE PARKING		0						134	53	196		328				0	142	142	542
VISITOR PARKING		0	134	93		134	99	66				526				0			526
EMERGENCY PARKING		0			84							84				0			84
MEDICAL OFFICE BUILDING	572	572										0	195	92		287			859
TOTALS	572	572	134	93	84	134	99	200	53	196	103	1091	195	92	-4	283	142	142	2096
ADA LOT GROUPINGS	#1		#2			#3					#4	#5	#6		#7		N/A		#8	TOTAL
ADA SPACES PROVIDED	14		11	0	4	8	6	0	0	4	2	1	18						0	54

Know what's below Call before you dig. 811 www.call811.com

NORTH

PROPERTY:
TAX MAP 92, PARCEL 17.00 & 27.19
TAX MAP 79, PARCEL 73.03
1700 MEDICAL CENTER PARKWAY
MURFREESBORO, TN 37129

SCALE:
100 50' 0' 100' 200'
SCALE: 1 INCH = 100 FEET

BENCHMARK
CORNER OF BOX CULVERT HEADWALL AT GATEWAY BLVD.
ELEVATION = 566.93

BWSC
BARGE WAGGONER SUMNER & CANNON, INC.
211 Commerce Street, Suite 800, Nashville, Tennessee 37201
PHONE: (615) 244-9270 FAX: (615) 256-5117

PROPERTY EXHIBIT

PHASE IV - INFRASTRUCTURE IMPROVEMENTS
MIDDLE TENNESSEE MEDICAL CENTER
CITY OF MURFREESBORO, RUTHERFORD COUNTY, TENNESSEE

DWN.	DATE	DESCRIPTION
DK	2/14/2017	ISSUED FOR REVIEW
MT	JCC	

EX-01
FILE NO. 32639-09

F:\32*32639*3263909*04_CAD*CIVL*Exhibits*3263909_EX-01.dgn

Attachment Section A-6B-2

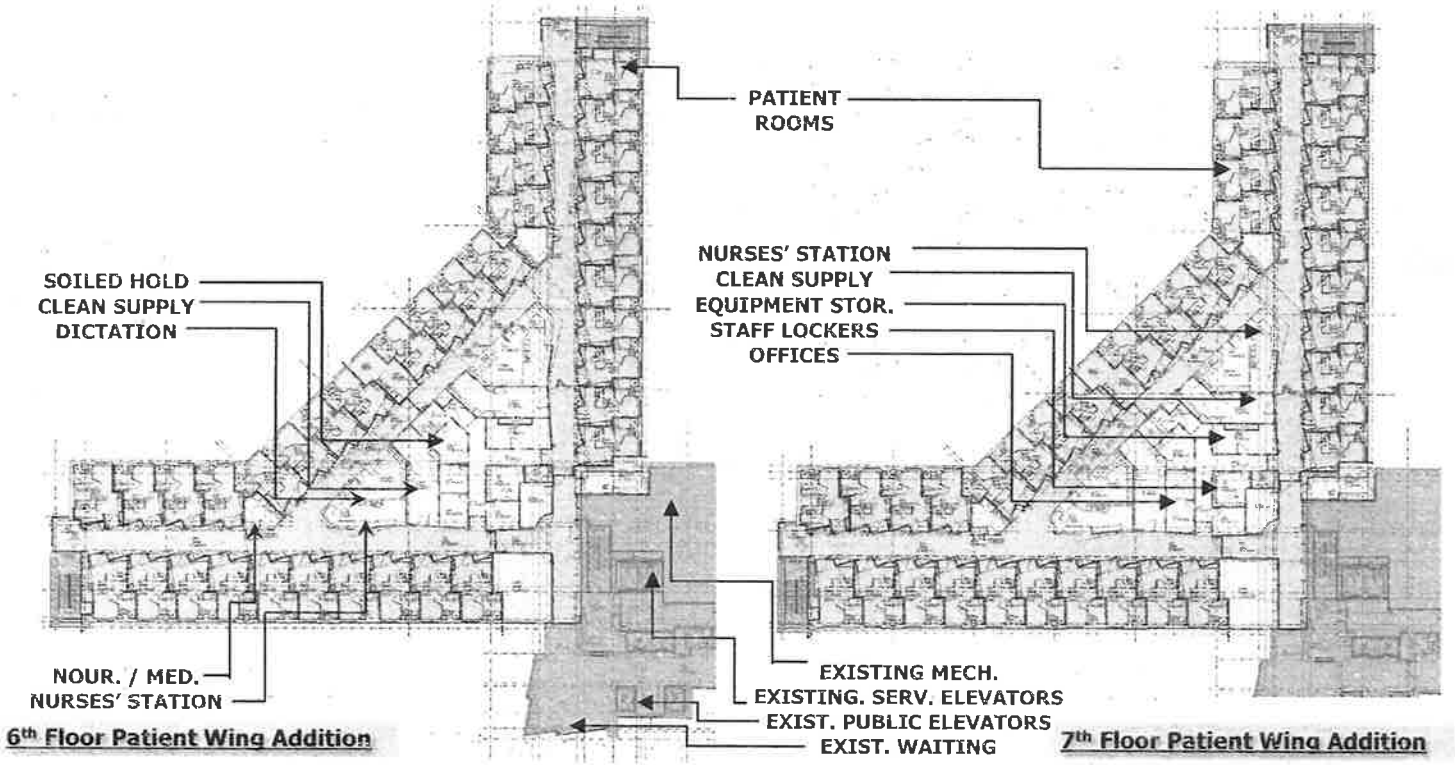
Floor Plan

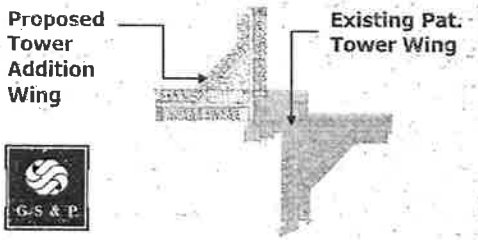
Saint Thomas RUTHERFORD HOSPITAL

Saint Thomas Rutherford Hospital

1700 Medical Center Parkway, Murfreesboro, TN 37129

Bed-Tower Addition





GS&P

GRESHAM SMITH AND PARTNERS

Floor Plan Diagram

Site Diagrams

N

Project Summary:

St. Thomas Rutherford Hospital, Murfreesboro, Tennessee presents a need for additional acute-care patient beds. These additional beds are proposed to be constructed atop the existing West-wing patient tower that was originally design for a vertical expansion.

As a result, a building addition will occur to add two (2) additional floors. Each additional floors (6th and 7th floors) will add 36 beds each for a total of 72 patient beds.

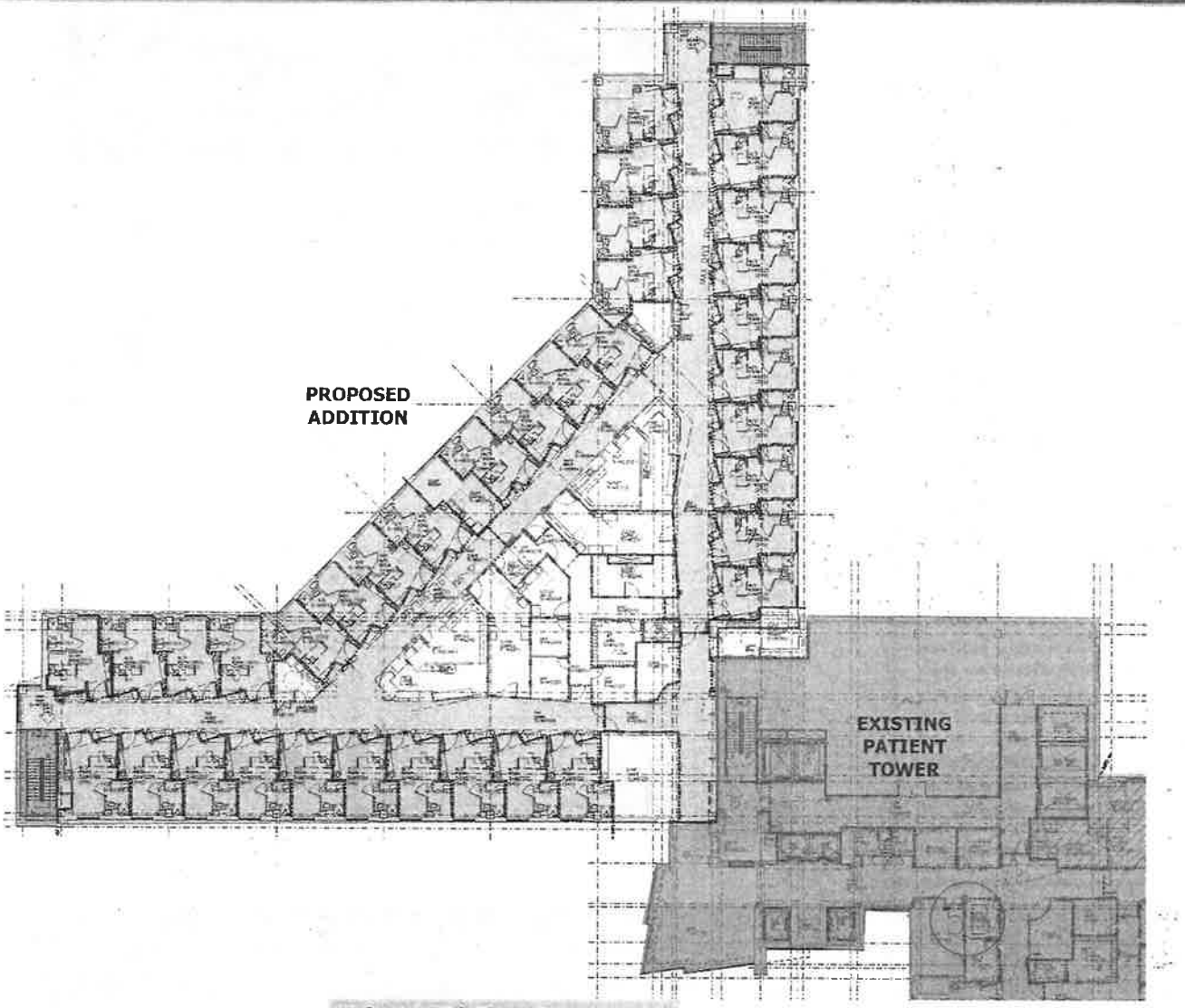
Existing patient tower includes service, patient and public elevators, lobby and waiting area as well as some mechanical support areas. These shared support spaces which were originally planned for the addition.

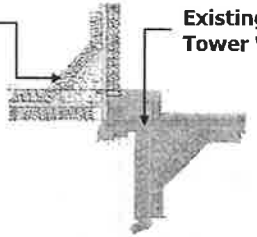
Each patient unit will include required FGI Design for Healthcare Facilities spaces and requirements.

Square Footage Summary:

Patient Tower Addition:	
6th Floor West	26,000 GSF
7th Floor West	26,000 GSF
Total Addition	52,000 GSF

85



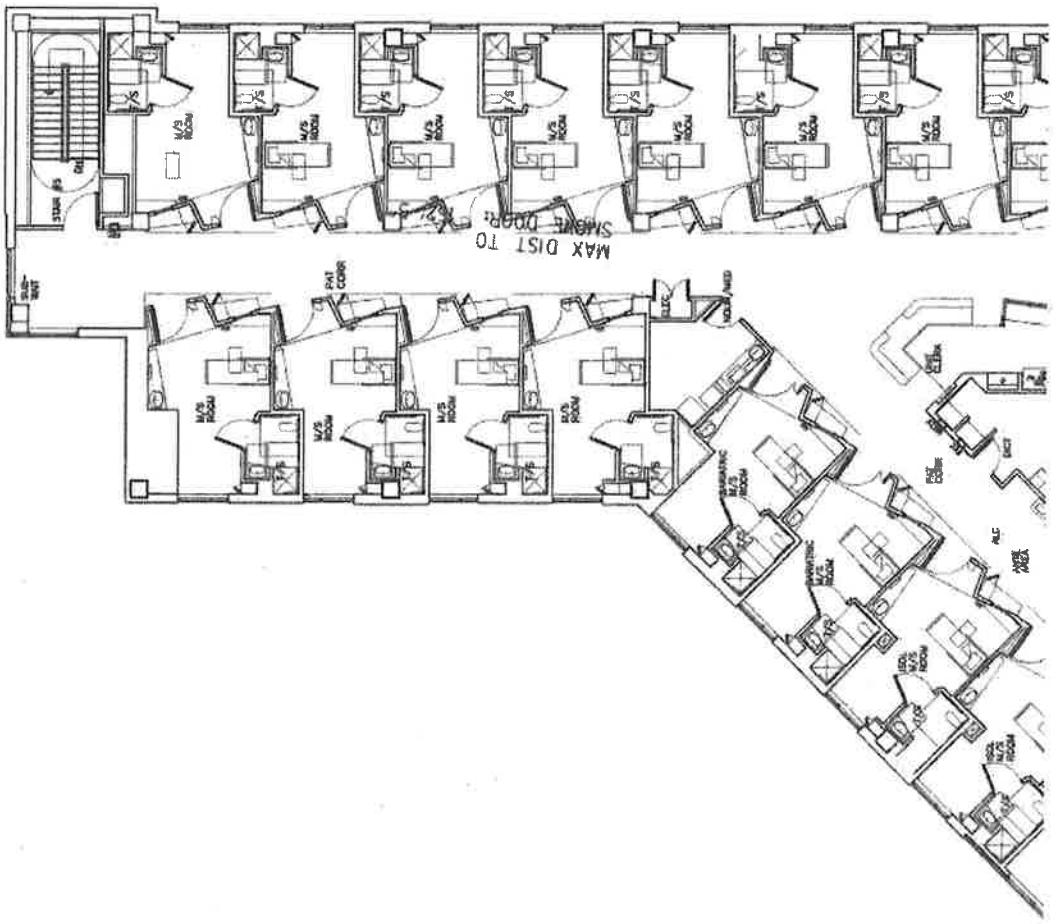


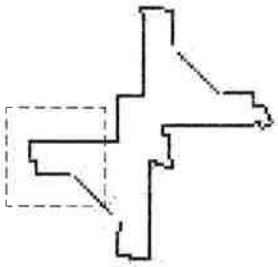
GRESHAM SMITH AND PARTNERS

Floor Plan Diagram

Enlarged 6th Floor Schematic

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

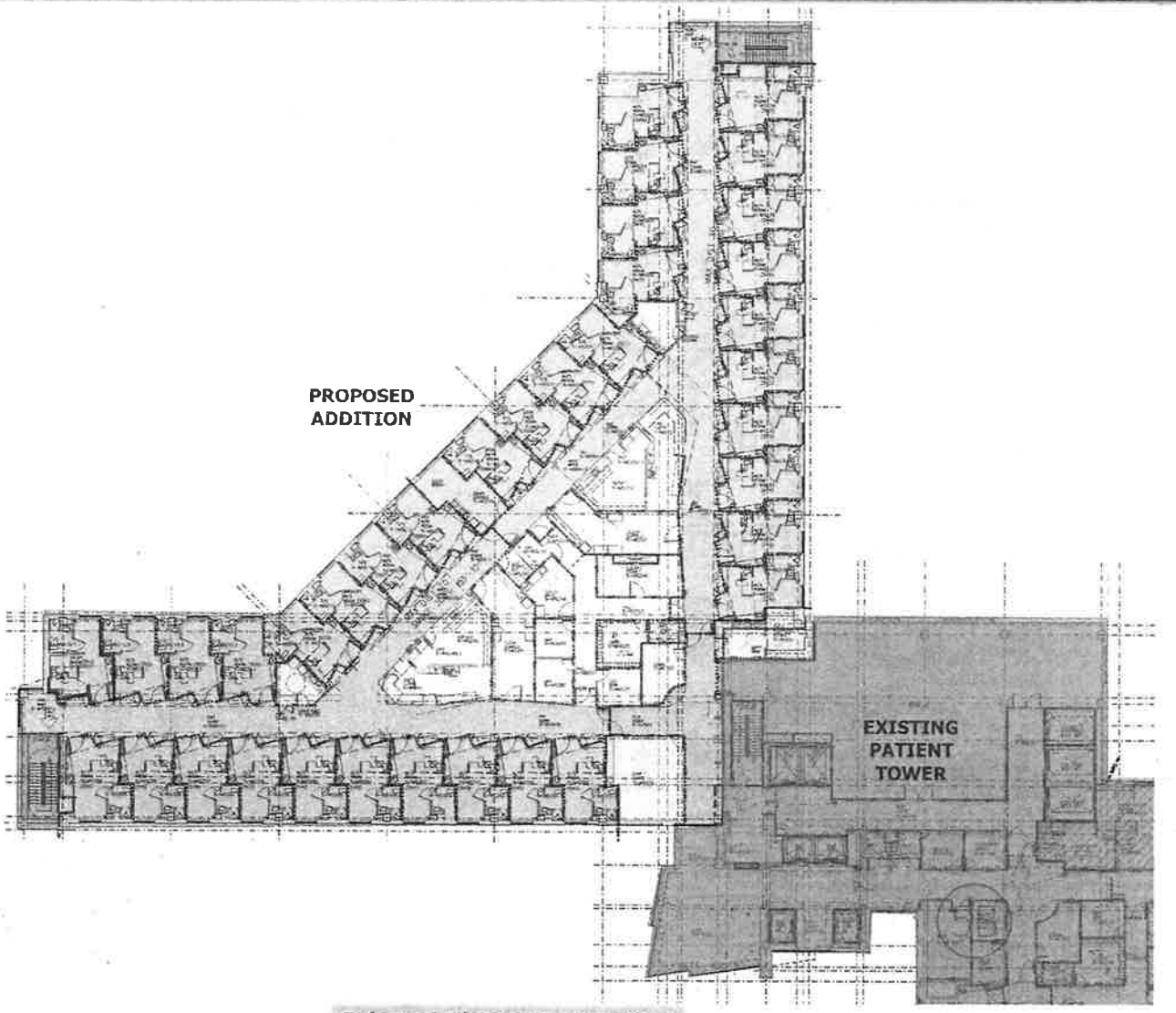




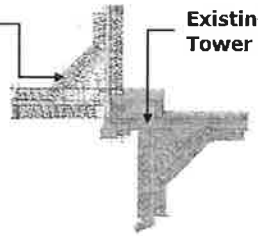
ST. THOMAS RUTHERFORD HOSPITAL - TOWER EXPANSION - TYP. 6TH/7TH FLOOR

NOT TO SCALE

7/26/17



Enlarged 7th Floor Schematic



Floor Plan Diagram

GS&P
GRESHAM
SMITH AND
PARTNERS

SUPPLEMENTAL #1
July 26, 2017
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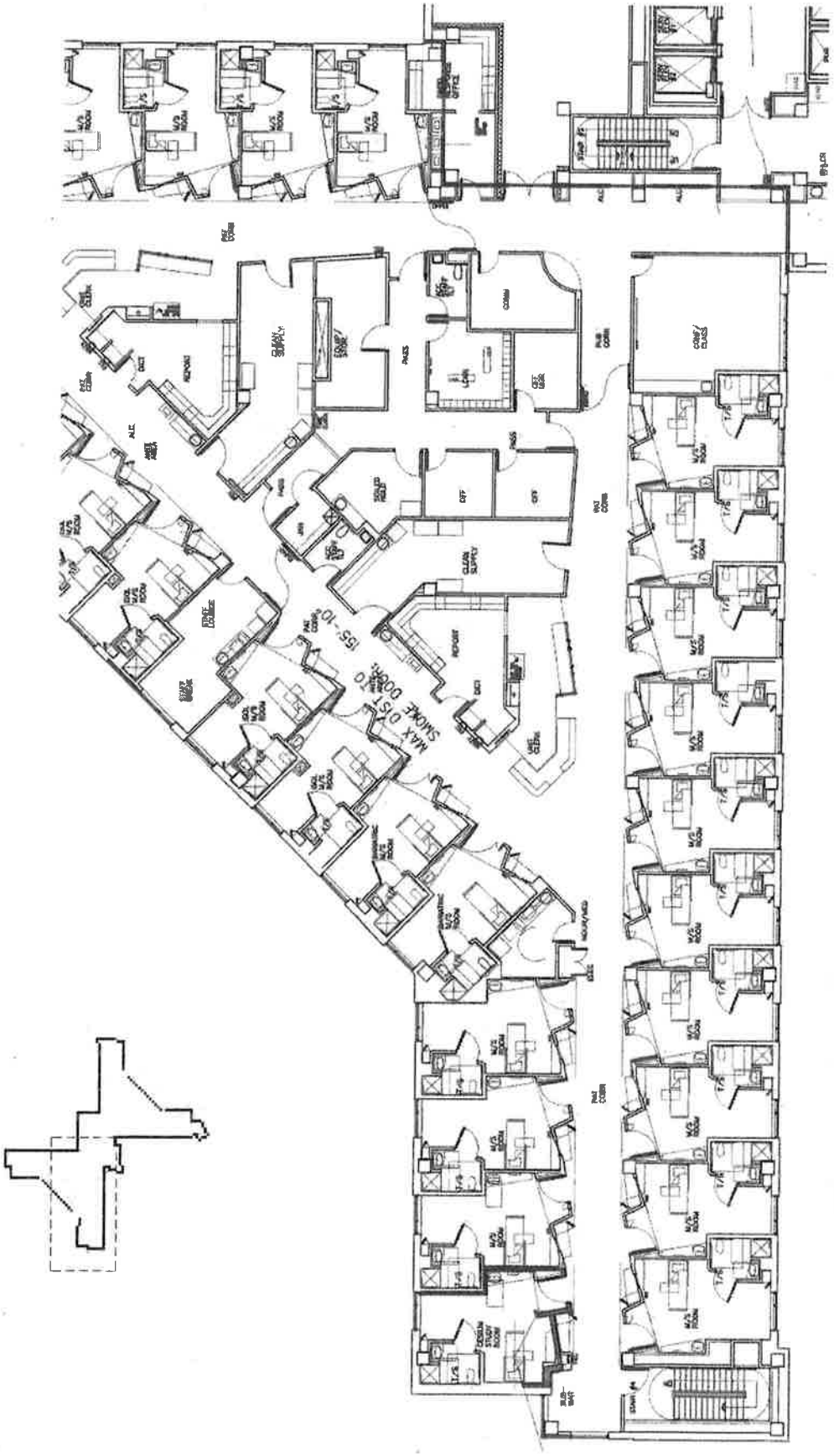

ST. THOMAS RUTHERFORD HOSPITAL - TOWER EXPANSION - TYP. 6TH/7TH FLOOR

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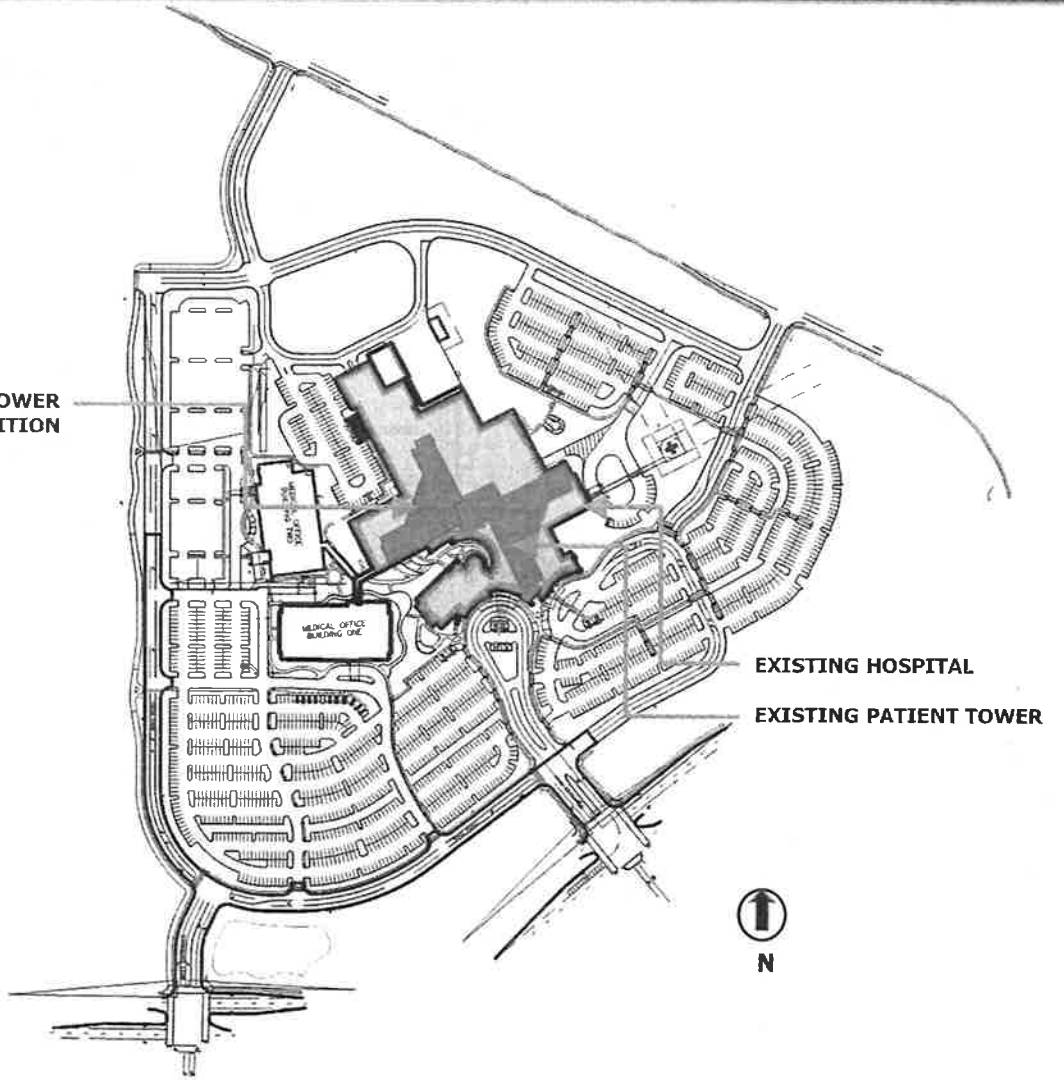
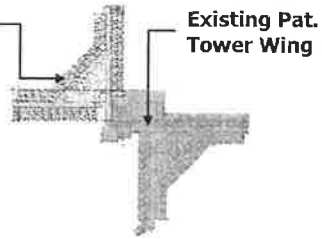


Existing Site Plan



Floor Plan Diagram

GS&P
GRESHAM SMITH AND PARTNERS

90

Tab 7

Attachment Section A-6B-3

Traffic-Related Articles

New Salem Highway widening to start 2018

Scott Broden , sbroden@dnj.com 6:23 a.m. CDT April 2, 2016

(Photo: John A. Gillis/DNJ)

MURFREESBORO — The widening project of New Salem Highway from Old Fort Parkway to Cason Lane will start in 2018, the state announced Thursday.

The New Salem Highway plan is included on the $2 billion list of 79 projects for 42 counties and 15 statewide infrastructure upgrades recommended to take place through 2019, according to a news release about the three-year Tennessee Department of Transportation schedule announced by Gov. Bill Haslam and Transportation Commissioner John Schroer.

The list also mentions a two-tenths of a mile widening of Franklin Road, which is part of state Route 96, to begin in 2017 from Veterans Parkway to east of Overall Creek.

Murfreesboro City Councilman Ron Washington wishes the list also included the widening of Thompson Lane, which is part of state Route 268, from Broad Street to Memorial Boulevard in an area that includes three Siegel schools.

"Any transportation road funding you have to be pleased with," Washington said. "However, that schedule does not meet my expectation because Thompson Lane in my opinion is a major priority. Thompson Lane is something that must be done."

Washington said the road funding should have covered even more of the widening of New Salem Highway, which is a part of state Route 99, to Veterans Parkway on the far southwest side of the city.

"Any funding you get nowadays is a blessing, so you have to be pleased, but Thompson Lane and New Salem Highway from Old Fort Parkway to Veterans Parkway are two highly congested roads that need construction," Washington said.

Ketron supports 2017 gas tax hike; others not so much
(http://www.dnj.com/story/news/local/2015/12/16/ketron-supports-2017-gas-tax-hike-others-not-so-much/77416782/)

Republican state Sen. Jim Tracy of Shelbyville agreed that the Thompson Lane project is needed and would have liked to have seen the list of funded projects also include the widening of West Jefferson Pike, which is part of state Route 266, from Nissan Drive in Smyrna to state Route 840.

"Jefferson Pike widening is at the top of the list I'm going to work on," said Tracy, who serves as the chairman of the Senate Transportation and Safety Committee.

(Photo: HELEN COMER/DNJ)

Tracy said he's pleased about the funding plans for New Salem Highway. He also wishes the list mentioned a proposed Interstate 24 interchange on Rocky Fork Road in Smyrna and the improvement of an existing interchange at Epps Mill Road on the southeast side of Rutherford County.

"With the growth going on in Rutherford County, we've to got numerous projects out there," Tracy said. "I was happy they got what they got. I'd always like more."

The senator said he's asked TDOT to conduct a new study of needed road projects and the revenues required to cover them before examining possible ways to increase revenues.

The existing state gas tax of 21.4 cents per gallon hasn't increased since around 1989, and road revenues have been unable to keep up with construction costs, said Tracy, who also wants the state to repay $260 million to the road fund that was used to balance budgets.

Smyrna Town Council wants road taxes 'enhanced'
(http://www.dnj.com/story/news/2016/02/15/council-wants-road-taxes-enhanced/80313162/)

A mile of road in 2006 cost about $35,000 to build, and that's climbed to about $100,000 today, Tracy said.

The average motorist drives about 15,000 miles per year and pays $160 in gas taxes, said Tracy, noting his monthly cell phone bill is more than that.

Councilman Washington said the federal gas tax of 18.4 cents is also overdue being raised by lawmakers.

"They need to get that gas tax around 30 cents on the federal level," said Washington, who'd also like to see the local annual wheel tax raised by $3 per vehicle to go toward road projects. "The transportation funding is still an issue with no movement in sight with long-term funding. That's the issue that Congress failed to address. Somewhere immediately down the road, Congress must address long-term transportation funding for the whole country, and not just for Rutherford County."

Contact Scott Broden at 615-278-5158. Follow him on Twitter @ScottBroden.

Read or Share this story: http://on.dnj.com/1N2nACA

Murfreesboro council to discuss road funds

Scott Broden , sbroden@dnj.com 8:04 a.m. CDT October 11, 2016

(Photo: Submitted)

MURFREESBORO — The City Council will discuss 2017 Tennessee General Assembly priorities such as road funding this week.

"It's imperative that we get that Highway 99 widened," Mayor Shane McFarland said.

The special-called meeting will be at 5 p.m. Thursday, Oct. 13 in Room 218 on the second floor of City Hall, 111 W. Vine St.

The seven-member council hopes tax dollars from the General Assembly will pay for improvements to federal and state roads that pass through a fast-growing Murfreesboro that reached a U.S. Census estimated population of 126,118 on July 1, 2015.

State Highway 99, for example, includes a New Salem Highway area that leads southwest of the city to where the Rutherford County Board of Education plans to open a Rockvale High School by 2019 to relieve overcrowding at other campuses.

Mayor McFarland also mentioned funding to improve Thompson Lane between Broad Street and Memorial Boulevard on the northwest side of Murfreesboro and Bradyville Pike, a road that's also part of state Highway 99 on the southeast side of Murfreesboro.

"As many people in the area know, one of the biggest challenges is transportation moving forward," McFarland said.

City Councilman Eddie Smotherman agreed that funding is important for the federal and state roads that pass through Murfreesboro.

"That's where we're having our main traffic jams, in our thoroughfares," Smotherman said. "We continuously look for funding and for our budget to make ends meet."

In addition to road funding, the council will talk about annexation laws in recent years that made conditions harder for property owners to make annexation requests for their land that's not contiguous to the city boundary because neighbors that are contiguous reject annexation.

Although people make negative arguments about forced annexation, law makers should look at the property rights of individuals "if they do want to be annexed," Mayor McFarland said.

Another legislative issue is what's going on with education, the mayor and Councilman Smotherman said.

Eddie Smotherman *(Photo: DNJ file)*

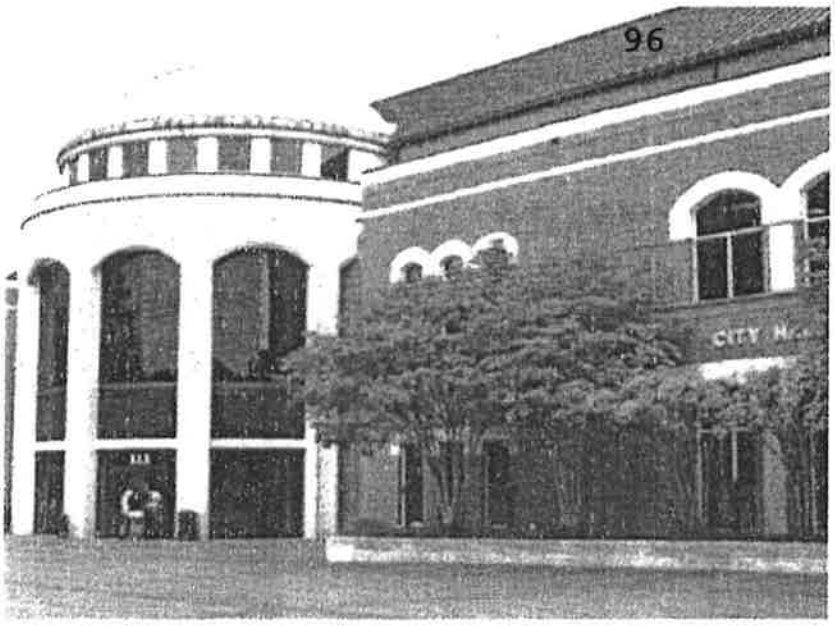
"We need to make sure we have emphasis on education as we continue to improve our schools," Smotherman said.

Education in Murfreesboro includes the city's pre-kindergarten through sixth-grade district, Rutherford County Schools that serve prekindergarten through 12th grade, and Middle Tennessee State University.

The council will be meeting with lobbyist Russ Farrar of the Nashville lobbying firm Farrar & Bates. The elected council at the recommendation of City Manager Rob Lyons hired the firm in February 2016 to advise the Council on numerous intergovernmental issues and legislation that impact local governments, including Murfreesboro, financially, operationally, and strategically, states a news release from the city.

The firm also assists the city with advise on other tax and transportation-related issues.

Contact Scott Broden at 615-260-0523. Follow him on Twitter @ScottBroden.



(Photo: DNJ staff)

Public comment, other City Council meetings

Residents will get the chance to speak to the Murfreesboro City Council between two other scheduled meetings. The meeting involving public comment will last up to 30 minutes and begin at 6:30 p.m. Thursday in Council Chambers on the first floor of City Hall, 111 W. Vine St. Those interested can call the city administration in advance at 615-849-2629 to request a speaking time.

In addition to the public comment meeting, the council will meet at 5 p.m. Thursday to discuss legislative priorities in Room 218 on the second floor of City Hall. The regular weekly meeting is scheduled to begin at 7 p.m. in Council Chambers.

City Hall is by Linebaugh Library, and both are a part of Civic Plaza. Free parking is available under the plaza in a two-story garage with access from Vine, Church and Broad streets.

Read or Share this story: http://on.dnj.com/2enEuFb

Smyrna seeks I-24 interchange at Rocky Fork Road

Scott Broden , sbroden@dnj.com 7:01 a.m. CDT October 31, 2016

(Photo: Scott Broden /DNJ)

SMYRNA — Town officials hope upgrades to Sam Ridley Parkway and other roads will lead to the long coveted third Interstate 24 interchange at Rocky Fork Road.

"We have about eight to 10 projects just over $13 million in the pipeline as far as road improvements going on," said Tim Morrell, who is one of the seven elected members of a Smyrna Town Council that seeks I-24 access beyond the parkway and Almaville Road. "Our large focus is getting the interchange at Rocky Fork. In order to do that, we have to follow the TDOT (Tennessee Department of Transportation) mandate to improve Sam Ridley Parkway."

Smyrna officials see road improvements that include better timed traffic lights as a way to attract more jobs, retail and shopping opportunities while maintaining the quality of life for a fast-growing town that has reached an estimated population of about 47,521 after a U.S. Census count of 39,974 in 2010.

The council is pursuing a $6.5 million extension of Enon Springs Road from Old Nashville Highway to Rocky Fork Road near the proposed I-24 interchange and where the Rutherford County Board of Education plans to open a middle school by August 2017 and an elementary school by August 2018, said Tom Rose, the public works director for the Smyrna government.

"It will be a gateway entrance," said Rose, who expects the Enon Springs extension to be done by summer 2018 and attract commercial and residential development. "We are pushing this project as quickly as we can. There's a lot of growth that's happening before that road is going to be done."

Other projects include the widening of StoneCrest Boulevard at the Sam Ridley Parkway intersection, Florence Road between Enon Springs and Rebel roads, and the Weakley Lane intersection at Swan Drive.

Sam Ridley Parkway should move faster once the access road for StoneCrest Medical Center near I-24 is widened, Rose said.

"Right now there's a lot of backup," Rose said.

Stonecrest Boulevard will go from three lanes to five lanes: two will be for left-hand turns; two will be to go straight across Sam Ridley; and one will be for right-hand turns. TDOT is funding 80 percent of the $400,000 intersection project while the town is covering the other 20 percent with impact fees.

The council also is building an Intelligent Transportation System that allows government staff to improve traffic-light timing at 48 of the town's 49 intersections through monitoring cameras for non law-enforcement purposes.

"No red light cameras," quipped Rose, who expects the system to be complete by November 2018. "We have some great projects for the growth."

The town will be spending $180,000 while TDOT provides $720,000 to add fiber optic lines that connect with existing ones, Rose said.

"We have some really great projects for growth," Rose said.

Contact Scott Broden at 615-278-5158. Follow him on Twitter @ScottBroden.

Smyrna road projects

Florence Road

Project: Widening from two lanes to three between Enon Springs and Rebel roads

Completion date: August

Cost: $4.2 million

Funding source: Impact fees for development and $350,000 from two industrial companies

StoneCrest Boulevard at Sam Ridley Parkway

Project: Widening from three lanes to five

Completion date: July

Cost: $400,000

Funding source: 80% TDOT; 20% impact fees

Enon Springs Road

Project: Extension of Enon Springs from Old Nashville Highway to Rocky Fork Road

Construction start date: Summer 2017

Completion date: Summer 2018

Cost: $6.5 million

Expected funding source: bond

Intelligent Transportation System

Project: Adding fiber optic lines and connecting to existing ones for government staff to monitor and improve traffic light timing through cameras at 48 of town's 49 traffic signals

Completion date: November 2018

Cost: $900,000

Funding source: 80% TDOT; 20% town government

Weakley Lane and Swan Drive

Project: adding four left-hand turn lanes

Start date: June 2017

Completion date: October 2017

Cost: $950,000

Funding source: 80% TDOT; 20% town impact fees

Source: *Smyrna Public Works Director Tom Rose*

Sam Ridley, Almaville jams annoy town

Scott Broden , sbroden@dnj.com 9:30 a.m. CDT September 1, 2016

(Photo: Nancy Broden/DNJ)

SMYRNA — Traffic jams on Sam Ridley Parkway and Almaville Road continue to be a concern for the Town Council.

"It's frustrating," Smyrna Mayor Mary Esther said during a Tuesday workshop with the other six elected officials on the Town Council.

Town Manager Harry Gill Jr. told the council members that he will be giving them a presentation during next month's workshop scheduled at 5 p.m. Sept. 29 about addressing the traffic in particular on both of these Smyrna roads that have Interstate 24 interchanges.

"Hopefully, we'll see some improvements on Sam Ridley and Almaville Road," said Gill, adding that other road projects will be discussed during the presentation.

Mayor Reed said it's important for the town to do everything it can to improve Sam Ridley Parkway and Almaville Road while continuing to ask state and federal officials to approve a third I-24 interchange at Rocky Fork Road.

"It's a long, drawn-out process," said Reed, who serves with other mayors in Middle Tennessee as a member of a Metropolitan Planning Organization that makes decisions on spending federal transportation funding. "Everybody wants a piece of that pie."

The third interchange would be near where the Rutherford County Board of Education is building a middle school and elementary school, and tie in with the town's plans to extend Enon Springs Road to this area from Old Nashville Highway.

While waiting for the long sought interchange, traffic jams remain a concern on Sam Ridley Parkway and Almaville Road, the mayor said.

"It's frustrating," Reed said.

In addition to improving roads, Councilman H.G. Cole said the town and the Middle Tennessee region need to expand bike lanes and mass transportation options, such as light rail, buses and subways, to provide people with other ways to travel and compete with what's going on in cities such as Seattle and Portland.

Nashville will no longer continue to be the "It city," unless more is done to promote mass transportation and bike lanes "because we're choking ourselves with growth," said Cole, adding that too many builders and developers oppose these transportation options.

"That closed mindedness is deliberating to our growth," Cole said.

Mayor Reed agreed and said transportation has to go beyond just getting people from Smyrna to downtown Nashville.

Another issue of concern is drivers speeding through subdivisions and ignoring stop signs, said Gill, adding that the town plans to impose hefty fines on those caught "flying through" neighborhood streets to make conditions dangerous where children ride bikes and play.

Contact Scott Broden at 615-278-5158. Follow him on Twitter @ScottBroden (http://twitter.com/ScottBroden).

Read or Share this story: http://on.dnj.com/2bTnT71

Smyrna Candidates: Traffic, growth top concerns

Michelle Willard , mwillard@dnj.com 9:13 a.m. CDT October 21, 2016

(Photo: HELEN COMER/DNJ)

Elections for Eagleville, La Vergne and Smyrna will be held along with state and federal elections on Nov. 8 and candidates across the county are vying for seats on their local municipal councils.

In Smyrna, seven candidates — Bradley Austin, Dennis Johnson, Tim Morrell, Robert "Bob" New, Racquel Peebles, Steve Sullivan and Michelle Mastin Wesnofske — are running for three open, at-large seats on the Town Council.

The candidates were asked the same questions and given an opportunity to share their thoughts with the voters. Here are their answers:

Name: Bradley Austin

Experience: I have worked for Discount Auto Sales in Murfreesboro for two years now. I started as a sales representative and now I am an assistant manager in training. I want to work for the people of Smyrna. I got involved with my community by helping state Rep. Mike Sparks, R-Smyrna, since I was 19. He has been a great influence in my life.

What is the biggest issue facing Smyrna? What is my solution?

Our budget is out of control. We spend more money on our parks than we do on our police and fire departments. We need a new budget and responsible people to use our tax dollars.

Name: Dennis Johnson

Dennis Johnson *(Photo: Submitted)*

Experience: Throughout my life in Smyrna I have been an active citizen, teacher, small business owner, coach and volunteer. I was awarded the lifetime service award in 2015, the same award my father won in 1999. I have served on our Parks Advisory Board for the past two years.

What is the biggest issue facing Smyrna? What is my solution?

One of our biggest issues is making sure our roads can handle the amount of traffic we are facing due to the amount of growth in our town.

I feel the solution requires us to work together with TDOT on road projects that will help alleviate traffic on state roads such as Sam Ridley Parkway, Jefferson Pike, Almaville Road interchange and trying to obtain a third interchange on Rocky Fork Road. I also believe it's important to continue and complete current projects such as Florence Road, Rocky Fork Road to the new school and Enon Springs Road tying into Rocky Fork Road.

Name: Tim Morrell

Tim Morrell *(Photo: Submitted)*

Experience: Current councilman for the Smyrna Town Council; Smyrna Planning Commission; Rutherford County Economic Development Board, Town Representative; Lowry Street Revitalization Committee Member; Board of Trustees; Rotary Club of Smyrna; United Way Board for Rutherford & Cannon Counties, former Board of Directors; North Rutherford YMCA, former Board of Directors

What is the biggest issue facing Smyrna? What is your solution?

Smyrna is the 14th largest city in Tennessee with the third lowest tax rate. Additionally, we have one of the lowest unemployment rates in Tennessee. Due to these factors and our continual focus on quality of life, we are experiencing explosive growth that is putting a strain on our infrastructure such as waste water capacities and on our roadways.

For infrastructure solutions, we are currently in a $25 million waste-water expansion that will increase our capacities to meet the demands of our growing population.

As far as roadways, first and foremost, the Town Council continues to seek approval at the state and federal level to obtain an interchange at Rocky Fork Road and I-24.

Even more importantly, we are continuing to work with TDOT (Tennessee Department of Transportation) on improving traffic flow on Sam Ridley Parkway and Almaville Road/Lee Victory Parkway.

Name: Bob New

Bob New *(Photo: Submitted)*

Experience: I've been a registered nurse for 40 years and retired last year. My wife and I have been involved in politics since moving here. We've worked on several campaigns and I've run for office in the past. I've dedicated me life to serving others and look forward to serving the people of Smyrna.

What is the biggest issue facing Smyrna? What is your solution?

Unbridled growth is the main problem facing Smyrna. This causes most of the other issues. Our infrastructure can't keep up with the rapid growth. We need improved planning that will take into consideration the impact on our roads and services. The impact on our environment is causing storm-water problems, air pollution and noise pollution that impacts our homes and quality of life. There needs to be a balance between the impact of growth on our economy, environment and quality of life. We need leaders who will make the tough choices. Sometime you just need to say no.

Name: Steve Sullivan

Steve Sullivan *(Photo: Courtesy of Facebook)*

Experience: Bachelor's and master's degrees from Trevecca Nazarene University; former U.S. Marine, Desert Storm Veteran; Volunteer Board member for slow-pitch, fast-pitch, and adult softball, baseball, and soccer; Volunteer of the Year 2014, Smyrna Adult Softball League; member of the Board of Zoning Appeals and Parks Athletic Committee; 20-plus years in IT Management at IBM and Nissan

What is the biggest issue facing Smyrna? What is your solution?

The biggest issue facing Smyrna today is exponential growth. Growth is a great issue to have and is required for Smyrna's sustainability, but unbridled growth is a disaster. Our thoroughfares and infrastructure must be managed carefully to accommodate this growth. To meet these demands, continued fiscal responsibility is a must. A healthy cash reserve and managed budget are mandatory to be in a position to fund the infrastructure upgrades and expansions needed to support this growth. Vote for me, starting Oct. 19, and I will work with the mayor and other council members to find common sense solutions to these issues.

Name: Racquel Peebles

Raquel Pebbles *(Photo: Submitted)*

Experience: I have practiced law for 20 years, which requires listening to people's concerns and resolving them. I have owned a small business in Smyrna for 13 years, so I understand how critical good planning and budgeting are. Lastly, I have served on various boards and as a community volunteer.

What is the biggest issue facing Smyrna? What is your solution?

The biggest issue facing Smyrna is infrastructure, which overlaps with other issues. We should continue allocating more funds toward alleviating traffic concerns, and that includes expanding current roads and constructing new ones. We have to be proactive with effective planning so the necessary infrastructure is in place for businesses and residents and people moving to Smyrna.

Additionally, we need to work with our county, state and federal leaders to secure funding for an additional interchange at I-24, which will bring more retail and job opportunities for our residents so that they can work, eat, shop, and play here in Smyrna.

Name: Michelle Martin Wesnofske

Experience: As a small business owner, I understand the need for economic growth balanced with controlled spending. I grew up in Smyrna, raised my children here and my children are raising their children here. I serve on the Historic Zoning Board and have been in attendance with the citizens' committee regarding the Lowry Street overlay project. Smyrna's past, present and future are of utmost importance to me.

Michelle Wesnofske *(Photo: Submitted)*

What is the biggest issue facing Smyrna? What is your solution?

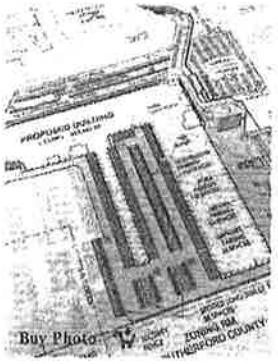
The biggest issue facing our town is economic growth. We have stagnated in our proactive efforts to attract businesses (with exception to the retail sales tax revenue generated on the west end of Sam Ridley Parkway). We enjoy lots of amenities in Smyrna, including a beautiful park system. We have spent a great deal of money and resources making Smyrna an attractive place to live. However, we must refocus our attention to updating our infrastructure in an effort to attract more industry and create more local jobs. I am interested in promoting the concept of being proactive in preparing our infrastructure to attract new businesses to Smyrna so that our residents can live and work amid this wonderful community.

Reach Michelle Willard at 615-278-5164, on Twitter @MichWillard or on Facebook at facebook.com/DNJBusiness.

Read or Share this story: http://on.dnj.com/2eYjzJa

Murfreesboro paves way for FedEx Ground facility

Michelle Willard , mwillard@dnj.com 8:54 p.m. CST November 17, 2016



(Photo: Michelle Willard / DNJ)

MURFREESBORO — Traffic concerns dominated the conversation at the Murfreesboro City Council on Thursday night surrounding zoning requests for a proposed FedEx Ground facility.

FedEx Ground has asked for annexation into the Murfreesboro city limits and rezoning the 217-acre undeveloped property located along the south side of South Rutherford Boulevard east of the CSX railroad tracks and west of Broad Street.

Surprisingly no one spoke in either of the public hearings held for the plan of services, annexation and rezoning before the City Council gave its approval in a 5-1 vote with Councilman Rick LaLance dissenting.

LaLance spoke out on the project's potential negative impact on traffic with a projected 750 trips per day coming into and out of the site.

The project's site plan was approved Wednesday by the Murfreesboro Planning Commission, contingent on approval of the plan of services, annexation and rezoning by the City Council.

"FedEx already has a facility in town. They are looking to expand because of the increased volume we see from the growth in Middle Tennessee," Cherie Akers from Stantec said on behalf of the logistics company.

When 947,842 square-foot facility (/story/money/business/2016/08/31/fedex-ground-build-hub-murfreesboro/89644276/) is completed, the hub will have hundreds of bays for tractor trailers to load and unload into the proposed one-story building. It will also have spaces for "inbound parking," "outbound parking" and employees, according to the preliminary site plan.

The site plan has separate entrances for employees and trucks and vans with primary access about a quarter mile from Broad Street on South Rutherford Boulevard.

During the meeting Thursday, the City Council asked about how the facility will impact traffic on Church Street and surrounding roadways.

"We have adopted many options to accommodate our traffic," Akers said.

Given the potential impact on traffic in south Murfreesboro (/story/money/business/2016/09/02/fedex-submits-plans-ground-hub-murfreesboro/89737798/), FedEx and city officials have worked with consultants from RPM Transportation Consultants to develop a traffic plan for the site.

By the time it reaches full capacity, RPM estimates as many as 750 pickup and delivery vans and tractor trailers coming into and out of the site daily, said Robert Murphy, president RPM Transportation Consultants.

He explained at a neighborhood meeting in October that most of the van and truck traffic at the facility will happen in mid-afternoon and late evening.

Preliminary proposals include a turning lane from Broad Street to South Rutherford Boulevard and retiming signals at both the intersections of South Rutherford and South Church and Broad streets, Murphy said.

Murphy explained the company studied the current traffic situation and developed recommendations that could actually improve traffic flow on Church Street.

Ram Balachandran, traffic engineer for the city of Murfreesboro, explained the project will be completed in two phases, the first which will be fully completed in 2019. Full build out is set for a 2026.

He said the plan for the first phase "looks good" and he asked them to study the timing of the traffic lights at three intersections on South Church Street — Rutherford Boulevard, Interstate 24 west off ramp and I24 east off bound — and two on Broad Street — Rutherford Boulevard and Joe B. Jackson Parkway.

"They are going to synchronize the lights with their truck traffic," Balachandran told The DNJ. "And all the analysis they did is based on 2026 projected numbers."

FedEx has agreed to do an initial synchronization when the first phase is completed in 2019 and to revisit it in 2026, Balachandran said.

The company will also be required to submit a new traffic study when it starts on the second phase in 2026, explained Matthew Blomeley, assistant planning director.

FedEx Ground estimates the facility will be a $189.5 million investment that will create an estimated 41 full-time jobs (/story/money/business/2016/10/05/logistics-jobs-questioned-fedex-hearing/91615028/) with an average wage of $53,500 and 160 full-time equivalent, part-time jobs at $24,000 annually. It is tentatively set to open in early 2018. The estimate does not include 300 drivers who are contract employees.

Reach Michelle Willard at 615-278-5164 or on Twitter @MichWillard.

Read or Share this story: http://on.dnj.com/2fBvLyS

Attachment Section A-10

Letter of Support

COPY

Saint Thomas Health

Gordon B. Ferguson, FACHE
President and Chief Executive Officer
Saint Thomas Rutherford Hospital
Saint Thomas Regional Hospitals

July 13, 2017

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing on behalf of Saint Thomas Rutherford Hospital and its CON application to expand its inpatient services by 72 beds. As the current President and CEO of Saint Thomas Rutherford Hospital and President of the Saint Thomas Regional Hospitals, I know firsthand the need to expand our ability to continue to serve our growing community.

I have served as the president and chief executive officer of Saint Thomas Rutherford Hospital since 2006 with more than 30 years of healthcare experience. In addition to serving as the president and chief executive officer of Saint Thomas Rutherford Hospital, I have served since 2015 as the president of the Saint Thomas Regional Hospitals which include: Saint Thomas Dekalb Hospital, Saint Thomas Highlands Hospital, Saint Thomas River Park Hospital, and Saint Thomas Stones River Hospital.

As a Murfreesboro resident for the past 20 years, I am highly invested in the communities and patients we serve through my involvement as a member of the following boards: Business Education Partnership, United Way of Rutherford and Cannon Counties, Leadership Middle Tennessee, Tennessee State Board of Education and Alive Hospice Murfreesboro.

Our existing medical-surgical beds at Saint Thomas Rutherford Hospital have been operating at over 90% utilization for a prolonged period of time. We have routinely had to hold patients in the emergency room due to capacity concerns in our medical-surgical beds and on occasion had greater than 20 patients holding in one day. These capacity concerns are the result of multiple factors such as:

- increasing inpatient utilization from Rutherford County
- population growth in Rutherford County of 10%
- increasing inpatient in-migration from throughout the region
- increasing observation patient utilization
- increasing observation patient utilization exceeding 24 hours

1700 Medical Center Parkway
Murfreesboro, Tennessee 37129

p 615-396-4100
STHealth.com

Ms. Hill, thank you for considering Saint Thomas Rutherford Hospital's application. This project is vital for providing safe care to the patients and families we serve throughout Rutherford and the surrounding counties. I hope the Agency members will grant a favorable decision in this matter.

In His Service,

Gordon B. Ferguson, FACHE
President and Chief Executive Officer, Saint Thomas Rutherford Hospital
President, Saint Thomas Regional Hospitals

Section B

Tab 9 - Official Bed Need Projections
Tab 10 - Construction Cost Verification Letter
Tab 11 - Funding Letter
Tab 12 - Financial Statements
Tab 13 - Financial Assistance Policies
Tab 14 - Quality Management & Utilization Management
Tab 15 - Clinical Affiliation Agreements
Tab 16 - Hospital License
Tab 17 - Accreditation

Tab 18 - HSDA Letter of Intent
Tab 19 - Evidence of Publication

Tab 9

Attachment Section B-A1

Official Bed Need Projections

ACUTE-CARE BED NEED PROJECTIONS FOR 2017 AND 2021, BASED ON FINAL 2015 HOSPITAL JARS

COUNTY	2015		CURRENT	SERVICE AREA POPULATION			PROJECTED		PROJECTED		2015 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC	NEED	2015	2017	2021	ADC-2017	NEED 2017	ADC-2021	NEED 2021	LICENSED	STAFFED	LICENSED	STAFFED
Anderson	48,085	132	165	89,974	91,031	92,959	133	167	136	170	301	210	-131	-40
Beford	6,017	17	26	13,710	14,171	15,089	17	27	18	28	60	52	-32	-24
Benton	1,584	4	9	2,119	2,125	2,129	4	9	4	9	25	25	-16	-16
Bledsoe	2,014	6	11	3,374	3,414	3,480	6	11	6	11	25	25	-14	-14
Blount	46,823	128	160	91,491	93,805	98,298	132	164	138	172	304	238	-132	-66
Bradley	35,690	98	122	82,083	83,654	86,686	100	125	103	129	351	186	-222	-57
Campbell	20,009	55	72	17,341	17,463	17,652	55	72	56	73	120	106	-47	-33
Cannon	5,338	15	24	4,017	4,067	4,159	15	24	15	24	60	50	-36	-26
Carroll	8,101	22	33	13,632	13,654	13,653	22	33	22	33	115	70	-82	-37
Carter	16,411	45	61	29,804	29,997	30,330	45	61	46	62	121	74	-59	-12
Cheatham	1,934	5	11	1,732	1,737	1,742	5	11	5	11	12	12	-1	-1
Chester	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Claiborne	5,488	15	24	13,063	13,252	13,589	15	24	16	25	85	33	-60	-8
Clay	3,561	10	17	3,704	3,720	3,740	10	17	10	17	36	34	-19	-17
Cocke	6,693	18	28	14,223	14,389	14,674	19	29	19	29	74	36	-45	-7
Coffee	26,086	72	91	48,676	49,554	51,229	73	93	75	95	209	163	-114	-68
Crockett	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Cumberland	19,659	54	71	42,137	43,360	45,669	55	73	58	76	189	85	-113	-9
Davidson	869,249	2,382	2,977	1,607,173	1,654,863	1,746,211	2,452	3,065	2,588	3,234	3,786	3,258	-552	-24
Decatur	2,411	7	13	3,296	3,316	3,352	7	13	7	13	40	27	-27	-14
DeKalb	3,477	10	17	6,551	6,648	6,828	10	17	10	17	71	56	-54	-39
Dickson	20,230	55	73	37,450	38,213	39,662	57	74	59	77	157	120	-80	-43
Dyer	13,691	38	52	30,953	31,225	31,716	38	52	38	53	225	115	-172	-62
Fayette	8	0	0	.	.	.	.	.	.	.	46	10	.	.
Fentress	6,658	18	28	10,552	10,712	10,989	18	28	19	29	85	54	-56	-25
Franklin	19,371	53	70	32,002	32,205	32,534	53	70	54	71	152	144	-81	-73
Gibson	2,386	7	12	4,051	4,087	4,156	7	13	7	13	70	28	-57	-15
Giles	8,034	22	33	11,995	12,022	12,054	22	33	22	33	95	81	-62	-48
Grainger	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Greene	24,026	66	85	49,044	49,812	51,231	67	86	69	88	240	171	-152	-83
Grundy	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Hamblen	32,359	89	111	68,666	69,668	71,509	90	112	92	115	302	196	-187	-81
Hamilton	419,591	1,150	1,437	741,159	755,974	784,918	1,173	1,466	1,217	1,522	1,596	1,225	-74	297
Hancock	909	3	6	1,454	1,463	1,473	3	6	3	6	10	10	-4	-4
Hardeman	908	3	6	2,501	2,501	2,500	3	6	2	6	51	21	-45	-15
Hardin	6,441	18	27	13,952	14,042	14,186	18	28	18	28	58	49	-30	-21
Hawkins	3,397	9	16	8,490	8,571	8,709	9	17	10	17	50	25	-33	-8
Haywood	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Henderson	1,011	3	7	3,299	3,353	3,454	3	7	3	7	45	45	-38	-38
Henry	13,198	36	50	28,180	28,409	28,768	36	51	37	51	142	101	-91	-50
Hickman	837	2	6	802	818	849	2	6	2	6	25	25	-19	-19
Houston	1,843	5	10	2,909	2,954	3,045	5	10	5	11	25	25	-14	-14
Humphreys	1,257	3	8	2,537	2,553	2,578	3	8	3	8	25	25	-17	-17

ACUTE-CARE BED NEED PROJECTIONS FOR 2017 AND 2021, BASED ON FINAL 2015 HOSPITAL JARS

COUNTY	2015		CURRENT	SERVICE AREA POPULATION			PROJECTED		PROJECTED		2015 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC	NEED	2015	2017	2021	ADC-2017	NEED 2017	ADC-2021	NEED 2021	LICENSED	STAFFED	LICENSED	STAFFED
Jackson	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Jefferson	6,948	19	29	16,170	16,519	17,171	19	30	20	31	58	58	-27	-27
Johnson	45	0	1	206	208	211	0	1	0	1	2	2	-1	-1
Knox	467,467	1,281	1,601	835,028	854,181	891,061	1,310	1,638	1,367	1,708	2,195	1,644	-487	64
Lake	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Lauderdale	2,154	6	12	3,108	3,138	3,192	6	12	6	12	25	0	-13	12
Lawrence	7,743	21	32	15,293	15,422	15,647	21	32	22	33	99	80	-66	-47
Lewis	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Lincoln	7,650	21	32	17,683	17,893	18,289	21	32	22	33	59	49	-26	-16
Loudon	8,172	22	33	15,136	15,628	16,574	23	34	25	36	50	30	-14	6
McMinn	11,248	31	44	15,270	15,477	15,848	31	44	32	45	190	135	-145	-90
McNairy	1,464	4	9	3,781	3,819	3,884	4	9	4	9	45	45	-36	-36
Macon	3,611	10	17	5,442	5,531	5,705	10	17	10	18	25	25	-7	-7
Madison	181,446	497	621	293,793	296,782	302,191	502	628	511	639	787	763	-148	-124
Marion	8,340	23	34	1,519	1,537	1,569	23	34	24	35	70	20	-35	15
Marshall	1,245	3	8	3,510	3,594	3,759	3	8	4	8	25	12	-17	-4
Maury	41,228	113	141	103,371	105,363	109,139	115	144	119	149	255	194	-106	-45
Meigs	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Monroe	10,652	29	42	19,924	20,345	21,130	30	43	31	44	59	59	-15	-15
Montgomery	38,261	105	131	115,932	121,512	132,661	110	137	120	150	270	172	-120	-22
Moore	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Morgan	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Obion	8,214	23	34	17,768	17,789	17,792	23	34	23	34	137	63	-103	-29
Overton	13,789	38	52	19,211	19,538	20,124	38	53	40	54	114	82	-60	-28
Perry	4,438	12	20	3,802	3,851	3,936	12	21	13	21	53	39	-32	-18
Pickett	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Polk	25,182	69	88	15,922	16,116	16,470	70	89	71	91	25	25	66	66
Putnam	58,215	160	199	110,673	113,319	118,083	163	204	170	213	247	243	-34	-30
Rhea	3,911	11	18	8,963	9,135	9,463	11	19	11	19	25	25	-6	-6
Roane	10,144	28	40	19,011	19,192	19,494	28	40	29	41	54	52	-13	-11
Robertson	11,485	32	45	25,425	26,284	27,976	33	46	35	48	109	62	-61	-14
Rutherford	108,244	297	371	263,190	277,183	305,592	312	390	344	430	496	494	-66	-64
Scott	2,740	8	14	5,450	5,498	5,577	8	14	8	14	25	25	-11	-11
Sequatchie	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Sevier	16,736	46	62	41,276	42,745	45,616	48	64	51	67	79	75	-12	-8
Shelby	963,807	2,641	3,301	1,533,822	1,553,981	1,592,744	2,675	3,344	2,742	3,428	4,179	3,193	-751	235
Smith	6,235	17	27	3,121	3,170	3,263	17	27	18	28	35	35	-7	-7
Stewart	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Sullivan	220,780	605	756	397,781	402,852	412,733	613	766	628	785	1,056	796	-271	-11
Sumner	56,890	156	195	125,865	129,838	137,610	161	201	170	213	303	220	-90	-7
Tipton	3,438	9	17	11,933	12,241	12,837	10	17	10	18	100	44	-82	-26
Trousdale	1,477	4	9	1,879	1,915	1,990	4	9	4	9	25	12	-16	-3
Unicoi	2,773	8	14	4,458	4,496	4,568	8	14	8	14	48	11	-34	3

ACUTE-CARE BED NEED PROJECTIONS FOR 2017 AND 2021, BASED ON FINAL 2015 HOSPITAL JARS

COUNTY	2015		CURRENT	SERVICE AREA POPULATION			PROJECTED		PROJECTED		2015 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC	NEED	2015	2017	2021	ADC-2017	NEED 2017	ADC-2021	NEED 2021	LICENSED	STAFFED	LICENSED	STAFFED
Union	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Van Buren	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Warren	11,920	33	46	20,905	21,070	21,378	33	46	33	47	125	125	-78	-78
Washington	165,085	452	565	215,396	219,192	226,435	460	575	475	594	581	547	13	47
Wayne	1,801	5	10	4,919	4,955	5,014	5	10	5	10	80	32	-70	-22
Weakley	4,989	14	22	14,211	14,300	14,331	14	22	14	22	65	65	-43	-43
White	5,234	14	23	8,933	9,087	9,370	15	23	15	24	60	24	-36	0
Williamson	30,066	82	104	103,381	107,719	115,932	86	107	92	116	185	150	-69	-34
Wilson	28,411	78	98	44,107	45,659	48,685	81	101	86	107	245	245	-138	-138

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Healthcare Facility Statistics. Jan 9, 2017

Hospital Data from Final JAR-Hospitals Schedules F and G.
Underlying Tennessee population estimates and projections from University of Tennessee, Center for Business and Economic Research (2015 series).
Projections and estimates for TN border states obtained from those respective states.

Tab 10

Attachment Section B-A5

Construction Cost Verification Letter

GRESHAM
SMITH AND
PARTNERS

July 11, 2017

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need: Verification of costs for St Thomas Rutherford Hospital Acute-Care Patient Tower Addition

Dear Ms. Hill:

As I understand the initial scope and schedule, St Thomas Rutherford Hospital of Murfreesboro, TN is planning on expanding their existing hospital's West wing with two (2) additional stories of thirty-six (36) patients each floor for a total of seventy-two (72) beds. The addition assumes a total of approximately 52,000 GSF and will match the facility's existing fenestration. The project will also be designed in accordance with applicable codes and standards.

Preliminary construction costs prepared by a General Contractor has estimated the construction cost to be $22,188,000 ($427 / SF). In my opinion this current construction estimate along with the total estimated project estimate of $47,383,943.00 including fees, equipment construction and other professional services for the above project description are reasonable, based on similar projects.

Please do not hesitate to contact me if you have any questions.

Sincerely,

David Magner, AIA NCARB
TN Registration #103032

Tab 11

Attachment Section B-B5

Funding Letter

ASCENSION

June 30, 2017

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application - Saint Thomas Rutherford Hospital

Dear Ms. Hill:

Ascension Health has a centralized cash management program for managing and investing operational funds for Ascension Health hospitals and clinics, including Saint Thomas Rutherford Hospital. This letter is to confirm Ascension Health has available more than sufficient resources to fund the projected CON cost of $47,478,943 required to implement Saint Thomas Rutherford Hospital's 72 inpatient bed project.

Ascension Health will be funding the $47,478,943 from cash reserves. As evidence of Ascension Health's ability to provide necessary capital, the following information is offered.

1. Ascension Health, the parent company of Saint Thomas Health, had $696,237,000 in cash and cash equivalents as of June 30, 2016. Ascension Health had $15,069,123,000 in long-term investments as of June 30, 2016.

2. Ascension Health has a current rating of Aa2, Aa2/VMIG 1, and Aa2/P-1, subordinated debt ratings of Aa3 and Aa3/VMIG 1, and commercial paper rating of P-1 by Moody's Investor Service.

Thank you for attention to this matter.

Sincerely,

ASCENSION

Elizabeth C Foshage

Elizabeth C. Foshage
Senior Vice-President, Finance

Tab 12

Attachment Section B-F1

Ascension Health Audited Financial Statements

Attachment Section B-D1

The Joint Commission Accreditation Certificate
Follow-Up Survey Letter and Medicare Compliance

The Joint Commission

April 7, 2016

Re: # 7883
CCN: #440053
Program: Hospital
Accreditation Expiration Date: January 14, 2019

Gordon B. Ferguson
President and CEO
Saint Thomas Rutherford Hospital
1700 Medical Center Parkway
Murfreesboro, Tennessee 37129

Dear Mr. Ferguson:

This letter confirms that your January 11, 2016 - January 13, 2016 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on March 08, 2016 and April 05, 2016, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of January 14, 2016.

The Joint Commission is also recommending your organization for continued Medicare certification effective January 14, 2016. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following locations:

Ministry in Motion Mobile Health Unit
1700 Medical Center Parkway, Murfreesboro, TN, 37129

Saint Thomas Rutherford Hospital
d/b/a Saint Thomas Rutherford Hospital
1700 Medical Center Parkway, Murfreesboro, TN, 37129

Saint Thomas Rutherford Hospital Outpatient Cardiac Imaging
d/b/a Saint Thomas Rutherford Hospital Outpatient Cardiac Imaging
1840 Medical Center Parkway, Murfreesboro, TN, 37129

STRH Wound Care & Hyperbaric Medicine
d/b/a STRH Wound Care & Hyperbaric Medicine,

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice

The Joint Commission

1840 Medical Center Parkway, Seton Building Suite 404, Murfreesboro, TN, 37129

Please be assured that The Joint Commission will keep the report confidential, except as required by law or court order. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 4 /Survey and Certification Staff

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice

Supplemental #1
(COPY)

Saint Thomas Hospital-Rutherford

CN1707-021

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

THE STRATEGY HOUSE
Healthcare Advisors

71 Vickery Street
Atlanta, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

July 26, 2017

Via Hand Delivery

Phillip M. Earhart
Health Services Development Examiner
Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street, Nashville, TN 37243

RE: Certificate of Need Application CN1707-021
Saint Thomas Hospital-Rutherford

Dear Mr. Earhart:

Thank you for your letter of July 21, 2017 acknowledging the receipt of our July 14, 2017 application for a Certificate of Need for the expansion of acute care beds by 72 beds from 198 beds to 270 beds, at Saint Thomas Rutherford Hospital ("STRH"), located at 1700 Medical Center Parkway, Murfreesboro (Rutherford County), TN 37129.

The following responses are provided for clarification or additional documentation. As requested, **this information is being submitted in triplicate prior to the 12:00 p.m., Friday, July 28, 2017 deadline.**

---

1. **Section A, Executive Summary, Item 3.A.5 Project Cost**

   The applicant references $22,199,000 as construction costs on page 3 while the Project Costs Chart lists the cost as $22,188,000. Please clarify.

   Please make all necessary revisions and submit a replacement page 3 (R-3).

   RESPONSE: $22,188,000 is correct. A replacement page (3-R) is provided in **Attachment 1**.

2. Section A: Project Details Item 6B Plot Plan

The plot plan is noted. However, please provide an overview of MOB Phase 1, MOB Phase 2, Hospital Phase, Phase 4A, and Phase 4B listed on the plot plan.

RESPONSE: The STRH campus was designed for growth, to meet the needs of a very rapidly increasing service area population.

a. MOB Phase 1 – DePaul MOB, opened in May 2008
b. MOB Phase 2 – Seton MOB, opened January 2012
c. Hospital Phase – replacement facility opened October 2010
d. Phase 4A – reserved for future uses
e. Phase 4B – employee parking lot

3. Section A: Project Details Item 6B (2) Floor Plan

The floor plan is noted. However, please provide enlarged legible copies of the proposed floor plan.

RESPONSE: The proposed sixth and seventh floors will have the same room layout and configuration as the fifth floor below. The patient care floor plan provided in Tab 6 has been divided in to multiple sections to provide an enlarged view of each room. Please see **Attachment 2**. Again, the layout on the sixth and seventh floors will be identical to the existing fifth floor.

Please complete the following chart showing room changes from current to proposed:

Private/Semi-Private Room and Bed Mix

Bed Type	Current Private Rooms/Beds		Current Semi-Private Rooms/Beds		Proposed Private Rooms/Beds		Proposed Semi-Private Rooms/Beds	
	Rooms	Beds	Rooms	Beds	Rooms	Beds	Rooms	Beds
Acute Beds (Med-Surg only)	198	198	0	0	+72 =270	+72 =270	0	0

4. **Section A: Project Details, Square Footage and Cost Per Square Footage Chart**

It is noted the construction cost of $427 PSF is above the 3rd quartile of similar hospital projects. Please indicate the reasons the proposed construction cost is above the 3rd quartile.

RESPONSE: The term "similar" is relative and must be placed in context. Although this STRH project was compared to other hospital construction projects (as opposed to hospital renovation projects or nursing home construction projects), the similarities within the hospital construction category essentially end here.

The STRH project is unique in the following respects, as it involves:

- Construction atop an existing, fully-functional hospital
- Construction approximately 90 feet above ground level

As described in the Square Footage and Cost Per Square Footage Chart on page 12 of the application and elaborated upon here, this type of construction is more costly than average due to the following factors:

- Temporary vertical circulation for construction workers, equipment, supplies and construction debris, separate from existing patient and staff flows
- Construction location and height requires significant equipment, cranes and hoisting
- Crane locations are remote and require extensive pick and drop locations
- Staging of materials onsite within an occupied, rather dense campus present challenges and assumes additional deliveries and offsite storage
- Infection control throughout a working hospital, with added dust and debris created during construction
- Noise and vibration abatement above a working hospital
- Utility relocation and construction necessary to reach new upper floors

Regardless, STRH was originally constructed for vertical expansion. While these costs are above the third quartile for hospital construction, they are in-line with extensive tower additions similar in scope. As certified by the architect, the proposed costs are reasonable.

5. **Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services)**

It is noted the applicant did not include TrustPoint Hospital (licensed by the Department of Health) located in Murfreesboro (Rutherford County), TN in the acute bed need services criteria. Please include TrustPoint Hospital and revise any responses (narrative, charts, tables, etc.) in the application and submit replacement pages.

RESPONSE: Though licensed by the Department of Health, the services provided by TrustPoint Hospital and STRH are separate, distinct and do not overlap. As documented in **Attachment 3**, excerpts from TrustPoint CN1606-024 indicate that:

- the TrustPoint beds are for medical detoxification, adult psychiatric services, geriatric psychiatric services and rehabilitation as opposed to the acute medical-surgical beds proposed by STRH (application, page 9)

- "However, the beds being requested are not general med-surg beds but will be utilized as psychiatric and rehab beds. Therefore, the Applicant respectfully replies that the Service Specific Criteria for Acute Bed Services are not applicable to this project." (application, page 18)

- "Importantly, the services provided at TrustPoint Hospital are a direct and natural complement to the important and life sustaining services provided at St. Thomas Rutherford Hospital. TrustPoint Hospital and St. Thomas Rutherford Hospital do not, *in any way*, compete for services." (application, page 28)

- "In fact, all beds being requested in the application are for psych and rehab. No new med/surg beds are requested." (DOH report, page 11)

Further, at the October 2016 Agency meeting when the TrustPoint application was heard, STRH CEO Gordon Ferguson spoke in support due to the complementary rather than competitive nature of the TrustPoint project. On July 25, 2017, he spoke again at the TrustPoint groundbreaking ceremony.

STRH respectively concludes that while TrustPoint Hospital is in Rutherford County and additional beds have been approved for development, the TrustPoint project does not have any bearing on the STRH acute medical-surgical bed project due to the separate and distinct services offered at each facility and the separate and distinct review criteria applicable to each project. In fact, approval of the TrustPoint project only amplifies the population growth in the service area and supports the need for the additional acute medical-surgical beds requested by STRH.

As a follow up item, the applicant was also asked to discuss the alternative of developing an area with non-licensed beds for observation days which would make [existing] licensed beds more available for inpatients.

As described in the CON application at pages 4-5 and elsewhere, observation patient volume (excluding other outpatients) continues to increase at STRH. Within this increase, shorter stay observation patients (eight hours or less) are declining as a percentage of the total. The increase in observation lengths of stays of 24+ hours has increased significantly during this same time period.

As the Agency is aware, there is a push among both government and commercial payors to implement so-called "two midnight" rules and other methods to reduce payment as inpatient hospital stays. On any given day, STRH will have more than 60 patients in a hospital bed, many still undergoing a "status" determination for inpatient or outpatient reimbursement purposes. This can go on for more than 36 hours, rendering traditional ER holding areas inappropriate.

The 72 licensed beds requested by STRH are part of a specialty inpatient unit intended to meet the needs of both traditional inpatients and these extended stay outpatient status and observation status patients who require monitoring, staffing and facilities comparable to a traditional inpatient.

The 2014 AIA Facility Guidelines Institute defines an observation unit as, "An area usually associated with an emergency department where one or more patients can be clinically monitored, assessed, and treated by staff for up to 24 hours." However, the STRH project does not meet these criteria because its target patient population has stays near and above 24 hours. Furthermore, this target patient population is increasing in numbers.

Furthermore, the following AIA design standards for traditional observation areas allow:

- cubicles to be used instead of private rooms,
- sharing one toilet among six patients and
- sharing one shower among twelve patients.

The level of care that can be provided in a traditional observation unit according to these design standards with non-licensed beds simply is not an appropriate setting for placing a patient who will stay 24, 36 or more hours, regardless of their reimbursement (IP/OP) status.

6. **Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services) Item 2.a.**

   Please list all existing hospital's occupancy levels based on the number of licensed beds that are staffed for two consecutive years listing which ones meet or do not meet an occupancy level greater than or equal to 80%.

   RESPONSE: As listed on pages 28-29 of the CON application, none of the service area hospitals had an occupancy level greater than or equal to 80% in 2014 or 2015. This is one reason why STRH, by far the hospital with the most beds and offering the most comprehensive range of services in the service area, is seeking special consideration for its project. The breadth and depth of STRH's specialized care is needed for this region, not just "a hospital bed".

   - Tri-Star StoneCrest Medical Center – 43.9% (2014), 45.9% (2015)
   - Heritage Medical Center – 28.4%, 27.4%
   - Saint Thomas Stones River Hospital – 22.0%, 25.0%
   - Harton Regional Medical Center – 41.6%, 41.7%
   - United Regional Medical Center – 20.3%, 21.1%
   - Saint Thomas River Park Hospital – 24.9%, 26.3%
   - Saint Thomas Rutherford Hospital – 56.3%, 61.0%

7. **Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services) Item 2.b.**

   It appears there are TrustPoint Hospital outstanding projects involving acute beds in the proposed service area. Please discuss.

   RESPONSE: Please note that this matter was addressed in Item 5, above, and is summarized here. Though licensed by the Department of Health, the services provided by TrustPoint Hospital and STRH are separate, distinct and do not overlap. As documented in **Attachment 3**, excerpts from TrustPoint CN1606-024 indicate that:

   - the TrustPoint beds are for medical detoxification, adult psychiatric services, geriatric psychiatric services and rehabilitation as opposed to the acute medical-surgical beds proposed by STRH (application, page 9)

   - "However, the beds being requested are not general med-surg beds but will be utilized as psychiatric and rehab beds. Therefore, the Applicant respectfully replies that the Service Specific Criteria

for Acute Bed Services are not applicable to this project." (application, page 18)

- "Importantly, the services provided at TrustPoint Hospital are a direct and natural complement to the important and life sustaining services provided at St. Thomas Rutherford Hospital. TrustPoint Hospital and St. Thomas Rutherford Hospital do not, *in any way*, compete for services." (application, page 28)

- "In fact, all beds being requested in the application are for psych and rehab. No new med/surg beds are requested." (DOH report, page 11)

STRH respectively concludes that while TrustPoint Hospital is in Rutherford County and additional beds have been approved for development, the TrustPoint project does not have any bearing on the STRH acute medical-surgical bed project due to the separate and distinct services offered at each facility and the separate and distinct review criteria applicable to each project.

8. Section B. Need, Item F

Your response to this item is noted. Please complete the following chart showing historical licensed bed utilization of the primary and contiguous service area.

RESPONSE: The information provided in the table below was reformatted from data reported on pages 28-29 of the original CON application. TrustPoint Hospital has also been added, consistent with the requests above.

Please note that patient day growth far exceeds population growth in the service area.

At STRH, 76,003 patient days were reported in 2016. This represents another 19.3% growth in just a single year.

2013-2015 Service Area Acute Care Hospitals Occupancy

Facility	County	2015 Licensed Beds	Patient Days			Licensed Occupancy			% Change in patient days 2013-2015
			2013	2014	2015	2013	2014	2015	
Saint Thomas Rutherford Hosp	Rutherford	286	63,503	58,744	63,688	60.8%	56.3%	61.0%	0.3%
TriStar StoneCrest Medical Center	Rutherford	109	5,124	5,277	5,208	40.9%	43.9%	45.9%	1.6%
TrustPoint Hospital	Rutherford	100	14,451	21,095	26,613	39.6%	57.8%	72.9%	84.2%
Heritage Med Ctr	Bedford	60	5,723	6,220	6,002	26.1%	28.4%	27.4%	4.9%
Saint Thomas Stones River	Cannon	60	4,525	4,816	5,469	20.7%	22.0%	25.0%	20.9%
Harton Regional	Coffee	135	19,549	20,521	20,532	39.7%	41.6%	41.7%	5.0%
United Regional	Coffee	79	7,536	6,065	3,768	25.3%	20.3%	21.1%	-50.0%
Saint Thomas River Park	Warren	125	11,395	11,341	11,996	25.0%	24.9%	26.3%	5.3%
Total		**954**	**133,819**	**136,093**	**145,291**	**38.4%**	**39.1%**	**41.7%**	**8.6%**

The Rutherford County-Saint Thomas Hospital utilization table on page 29 is noted. However, the staffed beds of 268 in 2015 appear incorrect. In the 2015 JAR the applicant listed 285 staffed beds. Please clarify.

RESPONSE: The 285 is correct. A replacement page (29-R) is provided in **Attachment 1**.

The Rutherford County-Saint Thomas Hospital utilization table on page 33 is noted. However, the 2016 staffed and licensed occupancy % of 80.2% appears to be incorrect. Please revise and submit a replacement page (R-33).

RESPONSE: 75.2% is correct. A replacement page (33-R) is provided in **Attachment 1**.

9. Section B. Economic Feasibility Item C. Historical Data Chart

The Historical Data Chart is noted. However, please provide a more legible copy (both pages).

RESPONSE: Reprinted pages are provided in **Attachment 4**.

10. Section B. Economic Feasibility Item D. Projected Data Chart

There appears to be calculation errors in the 2020 column of the Projected Data Chart. Please review and submit a revised Projected Data Chart if necessary.

RESPONSE: Net operating revenue should be $338,631,000 as opposed to $338,681,000. A replacement page (41-R) is provided in **Attachment 1**.

11. Section B. Economic Feasibility, Item F (1), Audited Financial Statements

As prescribed in the application, please provide the most recent audited financial documents for Ascension.

RESPONSE: The document is provided in **Attachment 5**.

12. Section B, Economic Feasibility, Item E (1) Project's Average Gross Charge, Average deduction from Operating Revenue, and Average Net Charge

It is unclear how the applicant calculated the gross charge, deduction from revenue, and average net charge for the previous and current year. None of the calculations match the historical data chart. Please clarify.

RESPONSE: The original information included outpatient-weighted data. A replacement page (43-R), based on inpatient days only and total gross revenues (inpatient, outpatient, etc.) is provided in **Attachment 1**.

13. Section B, Economic Feasibility, Item F. (2) and Item f (3)

The table representing the net margin ratios of the applicant is noted. However, the ratios do not match any existing Projected or Historical Data Charts. Please revise and submit a replacement page 44.

RESPONSE: A replacement page (44-R), based on Earnings Before Interest, Taxes and Depreciation rather than Net Income, is provided in **Attachment 1**.

The capitalization ratio is noted. However, the applicant incorrectly listed the capitalization formula that is listed in the HSDA application. Please revise and include in replacement page 44.

RESPONSE: The division sign in the formula has been changed to a plus sign. The calculations, however, remain unchanged. A replacement page (44-R) is provided in **Attachment 1**.

14. Section B, Economic Feasibility, Item G. Payor Mix

The payor mix table is noted. However, the total gross operating revenue does not match the Projected Data Chart. Please revise.

RESPONSE: The original information excluded other operating revenue. The payor mix table has been revised to include this revenue. A replacement page (45-R) is provided in **Attachment 1**.

15. Section B. Economic Feasibility, Item H, Staffing

The staffing table on page 45 is noted. However, please complete the direct patient care positions and area wide/statewide coverage wage portions of the table and submit a replacement page 45 (R-45).

RESPONSE: A replacement page (45-R) is provided in **Attachment 1**.

The staffing levels for just the 72 beds in Year 1 are reported below.

- RNs - 19 FTEs
- LPNs - 2 FTEs
- Techs - 10 FTEs

16. Section B. Orderly Development, Item C (1).

The applicant states STRH is currently and appropriately staffed for a census of 277 patients. However, other parts of the application mention staffing at 285 beds. Please clarify.

RESPONSE: The current bed census, including outpatients, is 277 patients. Item C (1) cites a Year 2 census projection of 285 patients.

In 2015, STRH staffed 285 beds. In 2016, STRH began staffing all 286 licensed beds.

STRH is currently staffing all 286 licensed beds, which have a census of 277 patients including outpatients in beds. A replacement page (46-R) is provided in **Attachment 1**.

17. Section B. Orderly Development, Item D (2).

Please provide a copy of the most recent licensure and/or Joint Commission survey.

RESPONSE: The most recent survey results are provided in **Attachment 6**.

18. Section B. Contribution to Orderly Development Item F.2 Outstanding Projects

Please provide a brief status update for the project Providence Surgery Center, CN1608-031A.

RESPONSE: The project has been fully implemented as a multispecialty ASTC without any restrictions as to the surgical specialties provided.

19. Section B. Quality Measures

Please verify and acknowledge the applicant will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon the following factors:

RESPONSE: The applicant acknowledges this requirement and will comply.

(a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

RESPONSE: STRH is part of Saint Thomas Health and Ascension. Providing care to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent is at the very core of the mission of these faith-based, charitable organizations. STRH has every intention to comply with the payor mix as projected.

(b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

RESPONSE: To continue to provide quality patient care, STRH has every intention to comply with the staffing levels as projected.

(c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

RESPONSE: To continue to provide quality patient care, STRH has every intention to maintain all applicable state licenses in good standing.

(d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

RESPONSE: To continue to provide quality patient care, STRH has every intention to continue to maintain TennCare and Medicare certifications.

(e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

RESPONSE: STRH has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application.

(f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

RESPONSE: STRH has not been decertified within the prior three years, or ever decertified.

(g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

RESPONSE: To continue to provide quality patient care, STRH has every intention to continue to conduct self-assessments and maintain accreditation by The Joint Commission.

A notarized affidavit accompanies these responses and is found at **Attachment 7**. On behalf of Saint Thomas Rutherford Hospital, we look forward to having this application deemed complete to start the formal review process.
Sincerely,

THE STRATEGY HOUSE, INC.

Robert M. Limyansky
Partner

attachments

Attachments

1. Application Replacement Pages
2. Enlarged Floor Plan
3. TrustPoint CON Application Excerpts
4. Reprinted Historical Data Chart
5. Ascension Audit
6. Licensure/Accreditation Report
7. Affidavit

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

Attachment 2

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

Attachment 3

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 26, 2016
APPLICATION SUMMARY

NAME OF PROJECT:	TrustPoint Hospital, LLC
PROJECT NUMBER:	CN1606-024
ADDRESS:	1009 North Thompson Lane Murfreesboro, TN (Rutherford County), TN 37129
LEGAL OWNER:	Acadia Healthcare Company, Inc. 6100 Tower Circle, Suite 1000 Franklin (Williamson County), TN 37067
OPERATING ENTITY:	N/A
CONTACT PERSON:	E. Graham Baker, Attorney (615) 370-3380
DATE FILED:	June 15, 2016
PROJECT COST:	$57,320,105
FINANCING:	Commercial Loan
PURPOSE FOR FILING:	The addition of 88 licensed psychiatric hospital beds

DESCRIPTION:

TrustPoint Hospital, LLC (formerly, SeniorHealth of Rutherford, LLC) is a general acute care hospital located in Murfreesboro (Rutherford County) TN, owned and managed by Acadia Healthcare Company, Inc. proposes to increase licensed inpatient beds from 129 to 217 beds as follows: Adult Psychiatric Beds for ages 18-64 will increase from 59 to 111 beds; and Geriatric Psychiatric Beds will remain at 36 beds; Medical Detoxification Beds will remain at 18 beds; Physical Rehabilitation Beds will increase from 16 beds to 24 beds; Child Psychiatric beds will increase from no beds to 14 beds; and Adolescent Beds will also increase from no beds to 14 beds. In addition to the requested 88 additional psychiatric beds, there will be (32) residential beds (not subject to CON review,

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

Response: Except for Licensed and Total line, the chart below represents STAFFED beds.

	Current Beds Licensed	Current Beds CON*	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical (Detox)	10	+8	10		18
B. Surgical					
C. Long-Term Care Hospital					
D Obstetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric	44	+15	44	+52	111
I. Geriatric Psychiatric	28	+8	28		36
J. Child/Adolescent Psychiatric				+28	28
K. Rehabilitation	19	-3	19	+8	24
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually-certified)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child & Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL	101	28	101	+88	217

* CON Beds approved but not yet in service

Item J above: 14 Child Psychiatric Beds plus 14 Adolescent Beds

Another 32 residential beds, not subject to CON review, will be constructed to hospital standards.

11. Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services)

Please address the service specific criteria for acute bed services for the addition of acute beds to the hospital's license.

Response: Based on the data furnished by the TN Department of Health, Acute Care Bed Need Projections for 2016 and 2010, Based on Final 2014 Hospital JARS report, there is a shortage of 31 licensed hospital beds in Bedford County, and a shortage of 102 licensed hospital beds in Rutherford County, for a total of 133 "needed" hospital beds in the two counties. This application is to add 88 beds at Trustpoint Hospital.

However, the beds being requested are not general med-surg beds, but will be utilized as psychiatric and rehab beds. Therefore, the Applicant respectfully replies that the Service Specific Criteria for Acute Bed Services are not applicable to this project.

work due to disability and premature death are directly tied to serious mental illness (USDHHS, 2014). The impact on the individual, their families, businesses and communities is staggering and resonates as a *call-to-action* to ensure high quality mental health services are available to meet the needs of this at-risk population.

According to USDHHS (2014), the most recent data for prevalence of serious mental illness among the pre-teen and teenage population (12-17 years) indicates that major depression affects 9.1% of the population and requires intensive treatment. Suicide attempts and completed suicides for this same population are a staggering 1.9 per 100 pre-teen and teenagers in the general population. Placing these numbers in perspective, the United States Census Bureau reported that 25% of the population living in Rutherford county, or approximately 74,653 pre-teen and teenagers, and 26.2% of the population living in Bedford County, or 11,838 pre-teen and teenagers, are in this high risk group for major depression and suicide (USCB, 2015). This information translates to combined pre-teen and teenage major depression for both counties of more than 7,870 pre-teens and teenagers and suicide attempts and successful suicides of more than 864 pre-teens and teenagers (USDHHS). These staggering numbers reflect the tremendous need for child and adolescent services for the residents of Rutherford and Bedford counties.

As a leader in health care delivery that considers the whole person, mind, body, and spirit, TrustPoint Hospital provides or arranges a full spectrum of inpatient and outpatient services to meet the clinical needs of its patients, their loved ones, and professional colleagues. In support of this mission, TrustPoint Hospital actively participates with and supports the local chapters of the American Heart Association, Alzheimer's Association, United Way, the Family Center and a host of other important partners that seek to strengthen the health and wellbeing of our community. Additionally, TrustPoint Hospital sponsors various support groups for patients, families, and caregivers to ensure best outcomes and sustained wellness. Located adjacent to St. Thomas Rutherford Hospital, TrustPoint Hospital and St. Thomas Rutherford Hospital have developed a very close and collaborative relationship in which we share best practices, policy development, interventions, staff training, shared medical staff, and community response and action planning in the event of a natural or other disaster. Importantly, the services provided at TrustPoint Hospital are a direct and natural complement to the important and life sustaining services provided at St. Thomas Rutherford Hospital. TrustPoint Hospital and St. Thomas Rutherford Hospital do not, *in any way*, compete for services.

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

Attachment 5

Consolidated Financial Statements and Supplementary Information

Ascension Health Alliance
d/b/a Ascension
Years Ended June 30, 2016 and 2015
With Reports of Independent Auditors

Ascension

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2016 and 2015

Contents

EY
Building a better working world

Ernst & Young LLP
The Plaza in Clayton
Suite 1300
190 Carondelet Plaza
St. Louis, MO 63105-3434

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ey.com

Report of Independent Auditors

Board of Directors
Ascension Health Alliance d/b/a Ascension

We have audited the accompanying consolidated financial statements of Ascension Health Alliance d/b/a Ascension, which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of operations and changes in nets assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health Alliance d/b/a Ascension at June 30, 2016 and 2015, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

September 12, 2016

Ascension

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2016	2015
Assets		
Current assets:		
Cash and cash equivalents	**$ 696,237**	$ 688,228
Short-term investments	**122,545**	146,822
Accounts receivable, less allowance for doubtful accounts ($1,362,060 and $1,280,568 at June 30, 2016 and 2015, respectively)	**2,746,506**	2,520,115
Inventories	**349,077**	324,423
Due from brokers *(see Notes 4 and 5)*	**313,717**	148,865
Estimated third-party payor settlements	**186,354**	226,122
Other *(see Notes 4 and 5)*	**978,744**	973,109
Total current assets	**5,393,180**	5,027,684
Long-term investments *(see Notes 4 and 5)*	**15,069,123**	14,990,505
Property and equipment, net	**9,020,005**	8,273,930
Other assets:		
Investment in unconsolidated entities	**1,115,871**	789,693
Capitalized software costs, net	**926,710**	790,881
Other *(see Notes 4 and 5)*	**944,288**	972,197
Total other assets	**2,986,869**	2,552,771
Total assets	**$ 32,469,177**	$ 30,844,890

	June 30, 2016	2015
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	$ **96,193**	$ 84,985
Long-term debt subject to short-term remarketing arrangements*	**1,666,245**	1,176,790
Accounts payable and accrued liabilities *(see Notes 4 and 5)*	**2,500,748**	2,314,922
Estimated third-party payor settlements	**513,677**	416,908
Due to brokers *(see Notes 4 and 5)*	**105,660**	131,061
Current portion of self-insurance liabilities	**219,638**	247,356
Other	**292,044**	367,130
Total current liabilities	**5,394,205**	4,739,152
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**5,427,616**	5,010,084
Self-insurance liabilities	**513,985**	513,856
Pension and other postretirement liabilities	**1,298,653**	564,342
Other *(see Notes 4 and 5)*	**1,241,678**	1,084,794
Total noncurrent liabilities	**8,481,932**	7,173,076
Total liabilities	**13,876,137**	11,912,228
Net assets:		
Unrestricted		
Controlling interest	**16,498,086**	16,749,357
Noncontrolling interests	**1,429,444**	1,572,608
Unrestricted net assets	**17,927,530**	18,321,965
Temporarily restricted	**467,994**	417,909
Permanently restricted	**197,516**	192,788
Total net assets	**18,593,040**	18,932,662
Total liabilities and net assets	$ **32,469,177**	$ 30,844,890

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2017. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, a drawon the line of credit totaling $1 billion, and issuing commercial paper. The commercial paper program is supported by $500 million of the $1 billion line of credit.

The accompanying notes are an integral part of the consolidated financial statements.

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

Attachment 6

The Joint Commission

Official Accreditation Report

Saint Thomas Rutherford Hospital
1700 Medical Center Parkway
Murfreesboro, TN 37129

Organization Identification Number: 7883

Unannounced Full Event: 1/11/2016 - 1/13/2016

Report Contents

Executive Summary

Requirements for Improvement

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in either 45 or 60 days, depending upon whether the observation was noted within a direct or indirect impact standard. The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

Opportunities for Improvement

Observations noted within the Opportunities for Improvement (OFI) section of the report represent single instances of non-compliance noted under a C category Element of Performance. Although these observations do not require official follow up through the Evidence of Standards Compliance (ESC) process, they are included to provide your organization with a robust analysis of all instances of non-compliance noted during survey.

Plan for Improvement

The Plan for Improvement (PFI) items were extracted from your Statement of Conditions™ (SOC) and represent all open and accepted PFIs during this survey. The number of open and accepted PFIs does not impact your accreditation status, and is fully in sync with the self-assessment process of the SOC. The implementation of Interim Life Safety Measures (ILSM) must have been assessed for each PFI. The Projected Completion Date within each PFI replaces the need for an individual ESC (Evidence of Standards Compliance) so the corrective action must be achieved within six months of the Projected Completion Date. Future surveys will review the completed history of these PFIs.

Executive Summary

Program(s)	Survey Date(s)
Hospital Accreditation	01/11/2016-01/13/2016

Hospital Accreditation : As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Requirements for Improvement – Summary

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in either 45 or 60 days, depending upon whether the observation was noted within a direct or indirect impact standard. The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	EC.02.05.01	EP8,EP15
	PC.01.03.01	EP1
	PC.02.01.03	EP1

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	EC.02.03.05	EP13
	EC.02.05.09	EP3
	EC.02.06.01	EP1
	IC.02.01.01	EP1
	LS.02.01.10	EP4
	LS.02.01.30	EP11
	MS.01.01.01	EP5
	PC.01.02.03	EP8
	RC.01.01.01	EP19

CoP: §482.23 **Tag:** A-0385 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.23 Condition of Participation: Nursing Services

The hospital must have an organized nursing service that provides 24-hour nursing services. The nursing services must be furnished or supervised by a registered nurse.

CoP Standard	Tag	Corresponds to	Deficiency
§482.23(b)(4)	A-0396	HAP - PC.01.03.01/EP1	Standard

CoP: §482.24 **Tag:** A-0431 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(a)	A-0701	HAP - EC.02.05.01/EP8, EC.02.06.01/EP1	Standard
§482.41(c)(2)	A-0724	HAP - EC.02.03.05/EP13, EC.02.05.09/EP3	Standard
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.10/EP4, LS.02.01.30/EP11	Standard

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CoP: §482.42 **Tag:** A-0747 **Deficiency:** Standard

Corresponds to: HAP - EC.02.05.01/EP15

Text: §482.42 Condition of Participation: Infection Control

The hospital must provide a sanitary environment to avoid sources and transmission of infections and communicable diseases. There must be an active program for the prevention, control, and investigation of infections and communicable diseases.

Requirements for Improvement – Detail

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.03.05

ESC 60 days

Standard Text: The hospital maintains fire safety equipment and fire safety building features. Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance, testing, and inspection requirements apply.

Element(s) of Performance:

13. Every 6 months, the hospital inspects any automatic fire-extinguishing systems in a kitchen. The completion dates of the inspections are documented.
Note 1: Discharge of the fire-extinguishing systems is not required.
Note 2: For additional guidance on performing inspections, see NFPA 96, 1998 edition.

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 13
§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.
This Standard is NOT MET as evidenced by:
Observed in Document Review at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
In 2 of 6 Kitchen Hood Life Safety Systems, OBSERVATION: During the document review on 1/11/2016, it was noted that the May 2015, semi-annual vendor report for the kitchen automatic extinguishing system indicated that the automatic natural gas shut-off valve was not tested.

OBSERVATION: During the document review on 1/11/2016, it was noted that the November 2015, semi-annual vendor report for the kitchen automatic extinguishing system indicated that the automatic natural gas shut-off valve was not tested

Observed in Document Review at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
In 2 of 6 Kitchen hood Life Safety Systems, OBSERVATION: During the document review on 1/11/2016, it was noted that the May 2015, semi-annual vendor report for the kitchen automatic extinguishing system indicated that the automatic electrical shut-off system was not tested.

OBSERVATION: During the document review on 1/11/2016, it was noted that the November 2015, semi-annual vendor report for the kitchen automatic extinguishing system indicated that the automatic electrical shut-off system was not tested.

Chapter:	Environment of Care
Program:	Hospital Accreditation
Standard:	EC.02.05.01 ESC 45 days
Standard Text:	The hospital manages risks associated with its utility systems.

Element(s) of Performance:

8. The hospital labels utility system controls to facilitate partial or complete emergency shutdowns.

Scoring Category : A
Score : Insufficient Compliance

15. In areas designed to control airborne contaminants (such as biological agents, gases, fumes, dust), the ventilation system provides appropriate pressure relationships, air-exchange rates, and filtration efficiencies. (See also EC.02.06.01, EP 13)
Note: Areas designed for control of airborne contaminants include spaces such as operating rooms, special procedure rooms, delivery rooms for patients diagnosed with or suspected of having airborne communicable diseases (for example, pulmonary or laryngeal tuberculosis), patients in 'protective environment' rooms (for example, those receiving bone marrow transplants), laboratories, pharmacies, and sterile supply rooms. For further information, see Guidelines for Design and Construction of Health Care Facilities, 2010 edition, administered by the Facility Guidelines Institute and published by the American Society for Healthcare Engineering (ASHE).

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 8
§482.41(a) - (A-0701) - §482.41(a) Standard: Buildings

The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured.
This Standard is NOT MET as evidenced by:
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
OBSERVATION: During the building tour on 1/11/2016 it was noted that circuit number 29 located in electrical distribution panel 7LSL1 was not listed on the panel legend, making the panel legend inaccurate.
NOTE: THIS DEFICIENCY WAS CORRECTED DURING THE SURVEY ON JANUARY 11 AND 12, 2016.

EP 15
§482.42 - (A-0747) - §482.42 Condition of Participation: Condition of Participation: Infection Control
This Standard is NOT MET as evidenced by:
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
OBSERVATION: During the building tour on 1/11/2016 it was noted that there was a Specimen Storage room in the Operating Room area which was being used as a storage room for chemicals to which exposure could cause cancer. This information was stated clearly on signage posted on the door to the room. When checked, the room had a positive pressure relationship to the corridor.

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.05.09

ESC 60 days

Standard Text: The hospital inspects, tests, and maintains medical gas and vacuum systems.
Note: This standard does not require hospitals to have the medical gas and vacuum systems discussed below. However, if a hospital has these types of systems, then the following inspection, testing, and maintenance requirements apply.

Element(s) of Performance:

3. The hospital makes main supply valves and area shutoff valves for piped medical gas and vacuum systems accessible and clearly identifies what the valves control.

4

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 3
§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.
This Standard is NOT MET as evidenced by:
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
In 2 of 2 medical gas shutoff valve panel checks, OBSERVATION: During the building tour on 1/12/2016 it was noted that the bulk oxygen source valve serving the DePaul and Seton buildings was not labeled.
NOTE: THIS DEFICIENCY WAS CORRECTED DURING THE SURVEY ON JANUARY 11 AND 12, 2016.

OBSERVATION: During the building tour on 1/12/2016 it was noted that the bulk oxygen source valve serving the main hospital building was not labeled with a description of what the valve served. The valve only had a sign that indicated it was a main shutoff valve.
NOTE: THIS DEFICIENCY WAS CORRECTED DURING THE SURVEY ON JANUARY 11 AND 12, 2016.

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.06.01 ESC 60 days

Standard Text: The hospital establishes and maintains a safe, functional environment.
Note: The environment is constructed, arranged, and maintained to foster patient safety, provide facilities for diagnosis and treatment, and provide for special services appropriate to the needs of the community.

Element(s) of Performance:

1. Interior spaces meet the needs of the patient population and are safe and suitable to the care, treatment, and services provided. 4

Scoring Category : C
Score : Insufficient Compliance

Observation(s):

EP 1
§482.41(a) - (A-0701) - §482.41(a) Standard: Buildings

The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured.
This Standard is NOT MET as evidenced by:
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
In 3 of 16 Cylinder Storage Room Checks, OBSERVATION: During the building tour on 1/11/2016 it was noted that the organization was storing oxygen and nitrous oxide cylinders in the OR storage room located between OR#2 and OR#3. Within this storage room there were two cylinder storage racks. One rack was labeled "Empty" and the other rack was labeled as a "Partial" rack. The signage on the Partial rack instructed staff to use this rack for cylinders that were between 2000 psi (full) and 500 psi (empty). These were non-inclusive pressure values, in other words, cylinders AT 2000 psi or 500 psi were not to be included in this rack.
Within this rack was located a mixture of cylinders, some with gauges showing full and others that were still sealed from the vendor and had never been used (also full), and ONE cylinder that had a gauge reading between the values of 2,000 psi and 500 psi. All cylinders but the one between 2,000 and 500 psi were full and not partial cylinders but were being stored in the Partial rack.
The organization was not following its own policy with regard to the proper storage of compressed gas cylinders.

OBSERVATION: During the building tour on 1/12/2016 it was noted that the organization was storing oxygen cylinders in room 2-OP-125. Within this storage room there were two cylinder storage racks. One rack was labeled "Empty" and the other rack was labeled as a "Partial" rack. The signage on the Partial rack instructed staff to use this rack for cylinders that were between 2000 psi (full) and 500 psi (empty). These were non-inclusive pressure values, in other words, cylinders AT 2000 psi or 500 psi were not to be included in this rack.
Within this rack was located a mixture of cylinders, some with gauges showing full and others that were still sealed from the vendor and had never been used (also full)i. All cylinders were full and not partial cylinders but were being stored in the Partial rack.
The organization was not following its own policy with regard to the proper storage of compressed gas cylinders. .

OBSERVATION: During the building tour on 1/12/2016 it was noted that the organization was storing oxygen cylinders in room 2-PA-115. Within this storage room there were two cylinder storage racks. One rack was labeled "Empty" and the other rack was labeled as a "Partial" rack. The signage on the Partial rack instructed staff to use this rack for cylinders that were between 2000 psi (full) and 500 psi (empty). These were non-inclusive pressure values, in other words, cylinders AT 2000 psi or 500 psi were not to be included in this rack.
Within this rack was located a mixture of cylinders, some with gauges showing full and others that were still sealed from the vendor and had never been used (also full)i. All cylinders were full and not partial cylinders but were being stored in the Partial rack.
The organization was not following its own policy with regard to the proper storage of compressed gas cylinders

Chapter: Infection Prevention and Control

Program: Hospital Accreditation

Standard: IC.02.01.01 ESC 60 days

Standard Text: The hospital implements its infection prevention and control plan.

Element(s) of Performance:

1. The hospital implements its infection prevention and control activities, including surveillance, to minimize, reduce, or eliminate the risk of infection. 4

Scoring Category : C
Score : Partial Compliance

Observation(s):

EP 1

Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site.
In 2 of 2 ice machines in patient care areas, while conducting a building tour of the emergency department it was observed that there were two ice machines in the patient care area that were grossly contaminated with biofilm in the delivery spouts for ice and water.

Chapter: Life Safety

Program: Hospital Accreditation

Standard: LS.02.01.10 ESC 60 days

Standard Text: Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.

Element(s) of Performance:

4. Openings in 2-hour fire-rated walls are fire rated for 1 1/2 hours. (See also LS.02.01.20, EP 3; LS.02.01.30, EP 1) (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.3.1) 4

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 4
§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.
This Standard is NOT MET as evidenced by:
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
In 2 of 20 fire barrier door checks, OBSERVATION: During the building tour on 1/11/2016 it was noted that door number 8-ME-100 to an elevator equipment room located on the 8th floor had no rating label. This door was located in a 2-hour fire-rated assembly and consequently, this door should have a fire protection rating of 90 minutes.

OBSERVATION: During the building tour on 1/11/2016 it was noted that door number 8-ME-101 to an elevator equipment room located on the 8th floor had no rating label. This door was located in a 2-hour fire-rated assembly and consequently, this door should have a fire protection rating of 90 minutes.

Chapter: Life Safety

Program: Hospital Accreditation

Standard: LS.02.01.30 ESC 60 days

Standard Text: The hospital provides and maintains building features to protect individuals from the hazards of fire and smoke.

Element(s) of Performance:

11. Corridor doors are fitted with positive latching hardware, are arranged to restrict the movement of smoke, and are hinged so that they swing. The gap between meeting edges of door pairs is no wider than 1/8 inch, and undercuts are no larger than 1 inch. Roller latches are not acceptable.
Note: For existing doors, it is acceptable to use a device that keeps the door closed when a force of 5 foot-pounds are applied to the edge of the door.
(For full text and any exceptions, refer to NFPA 101-2000: 18/19.3.6.3.2, 18/19.3.6.3.1, and 7.2.1.4.1)

4

Scoring Category : C
Score : Partial Compliance

Observation(s):

EP 11
§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.
This Standard is NOT MET as evidenced by:
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
In 2 of 2 smoke barrier door checks, OBSERVATION: During the building tour on 1/12/2016 it was noted the corridor sliding doors to the ED Trauma#1 room did not have self-latching hardware. The ED area was not classified as a non-sleeping suite on the organizations Life Safety Drawing information.

OBSERVATION: During the building tour on 1/12/2016 it was noted the corridor sliding doors to the ED Trauma#2 room did not have self-latching hardware. The ED area was not classified as a non-sleeping suite on the organizations Life Safety Drawing information.

Chapter: Medical Staff

Program: Hospital Accreditation

Standard: MS.01.01.01 ESC 60 days

Standard Text: Medical staff bylaws address self-governance and accountability to the governing body.

Element(s) of Performance:

5. The medical staff complies with the medical staff bylaws, rules and regulations, and policies. 4

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 5

Observed in Individual Tracer at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site.
While conducting an inpatient tracer of the surgical record, it was observed that the hand- written pre-operative History and Physical was performed without including the patient's vital signs as required on the form and as an element of the by-laws.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.01.02.03 ESC 60 days

Standard Text: The hospital assesses and reassesses the patient and his or her condition according to defined time frames.

Element(s) of Performance:

8. The hospital completes a functional screening (when warranted by the patient's needs or condition) within 24 hours after inpatient admission. (See also PC.01.02.01, EP 2; RC.02.01.01, EP 2)

4

Scoring Category : C
Score : Partial Compliance

Observation(s):

EP 8

Observed in Individual Tracer at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site.
In 2 of 6 tracers conducted, there was no evidence that the organization used criteria to determine when a more in depth or specialized functional evaluation would be indicated, and had used those criteria within 24 hours after inpatient admission.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.01.03.01 ESC 45 days

Standard Text: The hospital plans the patient's care.

Element(s) of Performance:

1. The hospital plans the patient's care, treatment, and services based on needs identified by the patient's assessment, reassessment, and results of diagnostic testing. (See also RC.02.01.01, EP 2; PC.01.02.13, EP 2)

Scoring Category : C
Score : Partial Compliance

Observation(s):

EP 1
§482.23(b)(4) - (A-0396) - (4) The hospital must ensure that the nursing staff develops, and keeps current, a nursing care plan for each patient. The nursing care plan may be part of an interdisciplinary care plan.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at STRH Wound Care & Hyperbaric Medicine (1840 Medical Center Parkway, Seton Building Suite 404, Murfreesboro, TN) site for the Hospital deemed service.
In 2 of 2 patient records reviewed, the Plan of Care was not completed and did not reflect treatment and services needed based on the nursing assessment. The nurse stated this form was usually completed at the initial patient visit. Both patients had been seen multiple times for wound treatment. One patient's nutrition risk screening was scored at high risk indicating need for a nutrition referral. There was no evidence that a nutrition referral had been ordered.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.02.01.03

ESC 45 days

Standard Text: The hospital provides care, treatment, and services as ordered or prescribed, and in accordance with law and regulation.

Element(s) of Performance:

1. For hospitals that use Joint Commission accreditation for deemed status purposes: Prior to providing care, treatment, and services, the hospital obtains or renews orders (verbal or written) from a licensed independent practitioner or other practitioner in accordance with professional standards of practice; law and regulation; hospital policies; and medical staff bylaws, rules, and regulations. *
Note: Outpatient services may be ordered by a practitioner not appointed to the medical staff as long as he or she meets the following:
- Responsible for the care of the patient
- Licensed to practice in the state where he or she provides care to the patient or in accordance with Veterans Administration and Department of Defense licensure requirements
- Acting within his or her scope of practice under state law
- Authorized in accordance with state law and policies adopted by the medical staff and approved by the governing body to order the applicable outpatient services
Footnote *: For law and regulation guidance pertaining to those responsible for the care of the patient, refer to 42 CFR 482.12(c).

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 1

Observed in Individual Tracer at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site.
In the review of a patient record, the administration of a 100cc bolus of normal saline during dialysis, was observed. There was no physician order for the administration of that normal saline bolus.

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: RC.01.01.01

ESC 60 days

Standard Text: The hospital maintains complete and accurate medical records for each individual patient.

Element(s) of Performance:

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.

Scoring Category : C
Score : Insufficient Compliance

Observation(s):

EP 19
§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site.
While conducting a inpatient tracer of a surgical patient it was observed that there were two instances of the physician and one instance of the nurse not timing the operative consent and perioperative exam forms.

Observed in Individual Tracer at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
The immediate post operative note was signed by the physician, however neither the signature nor the form was timed or dated.

Observed in Individual Tracer at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway, Murfreesboro, TN) site for the Hospital deemed service.
During patient tracer medical review, an anesthesia evaluation was observed. It had not been dated or timed.

Opportunities for Improvement – Summary

Observations noted within the Opportunities for Improvement (OFI) section of the report represent single instances of non-compliance noted under a C category Element of Performance. Although these observations do not require official follow up through the Evidence of Standards Compliance (ESC) process, they are included to provide your organization with a robust analysis of all instances of non-compliance noted during survey.

Program:	Hospital Accreditation Program	
Standards:	EC.02.02.01	EP5
	IC.02.02.01	EP4
	LS.02.01.10	EP5
	LS.02.01.20	EP18
	MM.05.01.11	EP2

Opportunities for Improvement – Detail

Chapter: Environment of Care
Program: Hospital Accreditation
Standard: EC.02.02.01
Standard Text: The hospital manages risks related to hazardous materials and waste.

Element(s) of Performance:

5. The hospital minimizes risks associated with selecting, handling, storing, transporting, using, and disposing of hazardous chemicals.

Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP5
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway,Murfreesboro,TN) site.
While conducting the building tour of the pharmacy it was observed that there was no eyewash station within 10 seconds of the hazardous chemicals storage locker. The eyewash station in the department was behind a door in the sterile processing area for intravenous fluids. A plumbed sink was immediately adjacent to the locker.

Chapter: Infection Prevention and Control
Program: Hospital Accreditation
Standard: IC.02.02.01
Standard Text: The hospital reduces the risk of infections associated with medical equipment, devices, and supplies.

Element(s) of Performance:

4. The hospital implements infection prevention and control activities when doing the following: Storing medical equipment, devices, and supplies.

Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP4
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway,Murfreesboro,TN) site.
While conducting the building tour of the emergency department it was observed that the refrigerator in the patient nutrition area was dirty and had dried caked spilled food in the freezer and bottom of the refrigerator and crisper box.

Chapter: Life Safety

Program: Hospital Accreditation

Standard: LS.02.01.10

Standard Text: Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.

Element(s) of Performance:

5. Doors required to be fire rated have functioning hardware, including positive latching devices and self-closing or automatic-closing devices. Gaps between meeting edges of door pairs are no more than 1/8 inch wide, and undercuts are no larger than 3/4 inch. (See also LS.02.01.30, EP 2; LS.02.01.34, EP 2) (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.3.1, 8.2.3.2.1 and NFPA 80-1999: 2-4.4.3, 2-3.1.7, and 1 -11.4)

Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP5
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway,Murfreesboro,TN) site.
OBSERVATION: During the building tour on 1/12/2016 it was noted the double doors by room 2-OP-102 had a fire protection rating of 90 minutes and had a door gap greater than 1/8"

Chapter: Life Safety

Program: Hospital Accreditation

Standard: LS.02.01.20

Standard Text: The hospital maintains the integrity of the means of egress.

Element(s) of Performance:

18. Suites of patient sleeping rooms are limited to 5,000 square feet, and suites used for other purposes are limited to 10,000 square feet. The suites are arranged so that no intervening rooms are hazardous areas. (See also LS.02.01.30, EP 2) (For full text and any exceptions, refer to NFPA 101-2000: 18/19.2.5.5-7)

Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP18
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway,Murfreesboro,TN) site.
OBSERVATION: During the building tour on 1/12/2016 it was noted the NICU area was designated as a patient sleeping suite on the organization's Life Safety Drawing information. The area of the suite was shown as 7,243 square feet. A sleeping suite cannot exceed 5,000 square feet.

Chapter: Medication Management

Program: Hospital Accreditation

Standard: MM.05.01.11

Standard Text: The hospital safely dispenses medications.

Element(s) of Performance:

2. The hospital dispenses medications and maintains records in accordance with law and regulation, licensure, and professional standards of practice.
Note 1: Dispensing practices and recordkeeping include antidiversion strategies.
Note 2: This element of performance is also applicable to sample medications.

Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP2
Observed in Building Tour at Saint Thomas Rutherford Hospital (1700 Medical Center Parkway,Murfreesboro,TN) site.
observed during a building tour of the Intensive Care Unit, the ward stock narcotic reconciliation log was missing the signature of the witness on two occasions, 7 December PM shift and 12 December AM shift.

Plan for Improvement - Summary

The Plan for Improvement (PFI) items were extracted from your Statement of Conditions™ (SOC) and represent all open and accepted PFIs during this survey. The number of open and accepted PFIs does not impact your accreditation status, and is fully in sync with the self-assessment process of the SOC. The implementation of Interim Life Safety Measures (ILSM) must have been assessed for each PFI. The Projected Completion Date within each PFI replaces the need for an individual ESC (Evidence of Standards Compliance) so the corrective action must be achieved within six months of the Projected Completion Date. Future surveys will review the completed history of these PFIs.

Number of PFIs: 4

Site: Saint Thomas Rutherford Hospital
Building Name: Hospital_HAP
PFI Id: 2015-01
Description:
Smoke curtain failed to deploy
ILSM Access: Yes
Projected Completion Date: 10/1/2015
Funds Committed: Yes
Accepted Date: 1/11/2016

Site: Saint Thomas Rutherford Hospital
Building Name: Hospital_HAP
PFI Id: 2015-02
Description:
Smoke curtain failed to deploy
ILSM Access: Yes
Projected Completion Date: 10/1/2015
Funds Committed: Yes
Accepted Date: 1/11/2016

Site: Saint Thomas Rutherford Hospital
Building Name: Hospital_HAP
PFI Id: 2015-03
Description:
Smoke curtain failed to deploy

ILSM Access:	Yes
Projected Completion Date:	10/1/2015
Funds Committed:	Yes
Accepted Date:	1/11/2016

Site:	Saint Thomas Rutherford Hospital
Building Name:	Hospital_HAP
PFI Id:	2015-04

Description:

Smoke curtain failed to deploy

ILSM Access:	Yes
Projected Completion Date:	10/1/2015
Funds Committed:	Yes
Accepted Date:	1/11/2016

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

Attachment 7

JUL 26 '17 PM 2:40

SUPPLEMENTAL #1
July 26, 2017
2:40 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Saint Thomas Rutherford Hospital

I, Blake Estes, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Executive Director, Planning
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 26 day of July, 2017, witness my hand at office in the County of Davidson, State of Tennessee.

Stephanie Lynch
NOTARY PUBLIC

My commission expires 9/10, 2018.

STEPHANIE LYNCH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

HF-0043

Revised 7/02

Supplemental #2
(COPY)

Saint Thomas Rutherford Hospital

CN1707-021

SUPPLEMENTAL #2
July 31, 2017
9:33 am

THE STRATEGY HOUSE
Healthcare Advisors

71 Vickery Street
Atlanta, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

July 31, 2017

Via Hand Delivery

Phillip M. Earhart
Health Services Development Examiner
Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street, Nashville, TN 37243

RE: Certificate of Need Application CN1707-021
Saint Thomas Hospital-Rutherford

Dear Mr. Earhart:

Thank you for your letter of July 28, 2017 acknowledging the receipt of our July 26, 2017 supplemental response for a Certificate of Need for the expansion of acute care beds by 72 beds from 198 beds to 270 beds, at Saint Thomas Rutherford Hospital ("STRH"), located at 1700 Medical Center Parkway, Murfreesboro (Rutherford County), TN 37129.

The following responses are provided for clarification or additional documentation. As requested, **this information is being submitted in triplicate prior to the 12:00 p.m., Monday, July 31, 2017 deadline.**

---

1. **Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services)**

   It is noted the applicant did not include TrustPoint Hospital (licensed by the Department of Health) located in Murfreesboro (Rutherford County), TN in the acute bed need services criteria. Please note Service Specific Criteria-Acute Bed Services was addressed by TrustPoint Hospital in CN1606-024A in supplemental #2 of that application because TrustPoint Hospital, LLC is a general acute care hospital and **all** beds at TrustPoint hospital count in the acute bed formula since the beds are licensed by the Department of Health.

RESPONSE: Thank you for clarifying the licensure status, i.e., Department of Health versus Department of Mental Health. Additional information is provided here for TrustPoint Hospital, as requested.

Please note, too, that the Department of Health has classified STRH as a "Med-Surg" hospital while it classified TrustPoint in the "Other" category, thus highlighting a fundamental difference in the services provided at both facilities. Please see excerpts from the Department of Health's last three years annual Report for Hospitals in **Attachment 1**.

Please include TrustPoint Hospital in the responses to the service specific criteria-acute bed services and revise any responses (narrative, charts, tables, etc.) in the application and submit replacement pages.

RESPONSE: Replacement pages are provided in **Attachment 2**.

According to the acute bed formula, what is the licensed and staffed shortage/surplus for the proposed service area for 2017 and 2021?

RESPONSE: The source for information summarized below, including TrustPoint Hospital, is found at Tab 9 in the original application. These official bed need projections do include TrustPoint.

DOH Bed Need Projections - STRH Service Area

	Projected Beds		Actual Beds		Projected Surplus		Projected Surplus	
	(a) 2017 Need	(b) 2021 Need	(c) 2015 Licensed	(d) 2015 Staffed	(a-c) 2017 Licensed	(a-d) 2017 Staffed	(b-c) 2021 Licensed	(b-d) 2021 Staffed
Rutherford	390	430	496	494	-106	-104	-66	-64
Bedford	27	28	60	52	-33	-25	-32	-24
Cannon	24	24	60	50	-36	-26	-36	-26
Coffee	93	95	209	163	-116	-70	-114	-68
Warren	46	47	125	125	-79	-79	-78	-78
Total	580	624	950	884	-370	-304	-326	-260

As illustrated above, the official bed need formula results in a projected surplus of beds in the service area. Despite the extraordinary historical and projected population growth in Rutherford County, this same need projection methodology has produced very erratic results for Rutherford County. This is discussed in the CON application text and will not be repeated here,

2. **Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services) Item 2.a.**

The list of all existing hospital's occupancy levels based on the number of licensed beds that are staffed for two consecutive years listing which ones meet or do not meet an occupancy level greater than or equal to 80% is noted. However, please include TrustPoint Hospital in the response.

RESPONSE: Despite an increase in utilization, none of the eight service area hospitals has had occupancy levels greater than or equal to 80% as shown on the following tables. However, as explained in the CON application, STRH qualifies for special consideration.

Service Area Hospitals: Licensed Beds and Occupancy Rates

Hospital	Licensed Beds		Occupancy Rate	
	2014	2015	2014	2015
Saint Thomas Rutherford	286	286	56.3%	61.0%
TriStar StoneCrest	109	109	43.9%	45.9%
TrustPoint Hospital	96	101	60.2%	72.2%
Heritage Medical Center	60	60	28.4%	27.4%
Saint Thomas Stones River	60	60	22.0%	24.9%
Harton Regional	135	135	41.6%	41.7%
United Regional	79	49	21.0%	21.1%
Saint Thomas River Park	125	125	24.9%	26.3%
TOTAL	**950**	**925**	**42.2%**	**46.3%**

Source: TN HSDA Joint Annual Reports, as shown on CON pages 28-R and 29-R

Service Area Hospitals: Staffed Beds and Occupancy Rates

Hospital	Staffed Beds		Occupancy Rate	
	2014	2015	2014	2015
Saint Thomas Rutherford	268	285	60.1%	61.2%
TriStar StoneCrest	109	109	43.9%	45.9%
TrustPoint Hospital	96	100	60.2%	72.9%
Heritage Medical Center	52	52	32.8%	31.6%
Saint Thomas Stones River	50	50	26.4%	30.0%
Harton Regional	107	115	52.5%	48.9%
United Regional	51	36	32.6%	28.7%
Saint Thomas River Park	125	125	24.9%	26.3%
TOTAL	**858**	**872**	**46.7%**	**49.1%**

Source: TN HSDA Joint Annual Reports, as shown on CON pages 28-R and 29-R

According to the most recent JAR published by the Tennessee Department of Health, how many licensed and staffed acute care beds are in the applicant's service area, and what was the overall licensed and staffed bed occupancy for those beds?

RESPONSE: According to the 2015 JAR, there were 925 licensed beds and 872 staffed beds with respective occupancies of 46.3% and 49.1% in the applicant's service area.

3. **Section C, Need, Item 1. (Service Specific Criteria-Acute Bed Services) Item 2.b.**

It appears there are TrustPoint Hospital outstanding projects involving acute beds in the proposed service area. Please discuss the number and type of beds that are outstanding.

RESPONSE: STRH is not affiliated with TrustPoint through ownership, management, etc. STRH is aware that TrustPoint held a groundbreaking ceremony on July 25, 2017 for a bed expansion project but is not aware of the proposed completion date.

As indicated in STRH Supplemental 1, Attachment 3, TrustPoint requested approval for the following bed changes: +8 medical detox, +15 adult psychiatric, +8 geriatric psychiatric and -3 rehabilitation.

The Agency's October 26, 2016 Agenda results reports approval conditioned as follows: "Limited to an additional 52 Adult Psychiatric Beds, 8 Physical Rehabilitations *(sic)* Beds, 14 Adolescent Psychiatric beds, and 14 Child Psychiatric beds."

While STRH will defer to the Agency's own internal records and progress reports for additional information, it is clear that the TrustPoint beds are very different than the medical-surgical beds proposed by STRH. Approval of the STRH project will not duplicate beds approved for the TrustPoint project.

4. **Section B, Economic Feasibility, Item F. (2) and Item F (3)**

The capitalization ratio is noted. However, the applicant incorrectly listed the capitalization formula that is listed in the HSDA application. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100). Please revise and include in replacement page 44.

RESPONSE: The division sign has been replaced with a plus sign. A replacement page (44-R) is provided in **Attachment 2**.

A notarized affidavit accompanies these responses and is found at **Attachment 3**. On behalf of Saint Thomas Rutherford Hospital, we look forward to having this application deemed complete to start the formal review process.

Sincerely,

THE STRATEGY HOUSE, INC.

Robert M. Limyansky
Partner

attachments

SUPPLEMENTAL #2
July 31, 2017
9:33 am

Attachment 1

REPORT 2A
REPORT FOR HOSPITALS 2015

HOSPITALS LICENSED IN TENNESSEE
SELECTED UTILIZATION BY TYPE OF HOSPITAL

MID-CUMBERLAND REGION

County	Facility	Type of Service	Staffed Beds	Discharge/ Inpatient Days	Staffed Bed Days Open	Staffed Beds Percent Occupancy	Licensed Beds	Licensed Bed Days Open	Licensed Beds Percent Occupancy	Discharges or Admissions	Average Length of Stay	Average Daily Census
		GENERAL HOSPITALS, SPECIALTY HOSPITALS, MEDICAL CENTERS										
REGION TOTAL			1,537	298,044	561,005	53.1	1,852	675,980	44.1	71,400	4.2	817
Cheatham	TriStar Ashland City Medical Center	Med-Surg	12	1,938	4,380	44.2	12	4,380	44.2	307	6.3	5
Dickson	TriStar Horizon Medical Center	Med-Surg	120	20,347	43,800	46.5	157	57,305	35.5	5,221	3.9	56
Houston	Houston County Community Hospital	Med-Surg	25	1,775	9,125	19.5	25	9,125	19.5	407	4.4	5
Humphreys	Three Rivers Hospital	Med-Surg	25	1,259	9,125	13.8	25	9,125	13.8	361	3.5	3
Montgomery	Gateway Medical Center	Med-Surg	172	35,816	62,780	57.1	270	98,550	36.3	9,804	3.7	98
Robertson	NorthCrest Medical Center	Med-Surg	62	11,186	22,630	49.4	109	39,785	28.1	2,899	3.9	31
Rutherford	Saint Thomas Rutherford Hospital	Med-Surg	285	63,688	104,025	61.2	286	104,390	61.0	15,873	4.0	174
	TriStar StoneCrest Medical Center	Med-Surg	109	18,252	39,785	45.9	109	39,785	45.9	5,208	3.5	50
	Trustpoint Hospital	Other	100	26,613	36,500	72.9	101	36,865	72.2	2,941	9.0	73
Sumner	Portland Medical Center	Other	0	0	0	--	38	13,870	0.0	0	#Num!	0
	Sumner Regional Medical Center	Med-Surg	121	36,470	44,165	82.6	155	56,575	64.5	8,079	4.5	100
	TriStar Hendersonville Medical Center	Med-Surg	99	20,052	36,135	55.5	110	40,150	49.9	5,879	3.4	55
Trousdale	Trousdale Medical Center	Other	12	1,483	4,380	33.9	25	9,125	16.3	345	4.3	4
Williamson	Williamson Medical Center	Med-Surg	150	30,647	54,750	56.0	185	67,525	45.4	8,582	3.6	84
Wilson	McFarland Hospital	Psych	75	8,268	27,375	30.2	75	27,375	30.2	965	8.6	23
	University Medical Center	Med-Surg	170	20,250	62,050	32.6	170	62,050	32.6	4,529	4.5	55
		MENTAL HEALTH INSTITUTES, MENTAL HEALTH CENTERS										
REGION TOTAL			111	29,560	40,515	73.0	111	40,515	73.0	3,511	8.4	81
Montgomery	Behavioral Healthcare Center at Clarksville	Psych	26	4,109	9,490	43.3	26	9,490	43.3	275	14.9	11
Williamson	Rolling Hills Hospital	Psych	85	25,451	31,025	82.0	85	31,025	82.0	3,236	7.9	70

-- indicates that value could not be calculated

REPORT 2A
REPORT FOR HOSPITALS 2014

HOSPITALS LICENSED IN TENNESSEE
SELECTED UTILIZATION BY TYPE OF HOSPITAL

MID-CUMBERLAND REGION

County	Facility	Type of Service	Staffed Beds	Discharge/ Inpatient Days	Staffed Bed Days Open	Staffed Beds Percent Occupancy	Licensed Beds	Licensed Bed Days Open	Licensed Beds Percent Occupancy	Discharges or Admissions	Average Length of Stay	Average Daily Census
		GENERAL HOSPITALS, SPECIALTY HOSPITALS, MEDICAL CENTERS										
REGION TOTAL			1,654	289,234	603,710	47.9	1,847	674,155	42.9	69,867	4.1	792
Cheatham	TriStar Ashland City Medical Center	Med-Surg	12	1,613	4,380	36.8	12	4,380	36.8	276	5.8	4
Dickson	TriStar Horizon Medical Center	Med-Surg	120	19,198	43,800	43.8	157	57,305	33.5	4,668	4.1	53
Houston	Houston County Community Hospital	Med-Surg	25	2,527	9,125	27.7	25	9,125	27.7	546	4.6	7
Humphreys	Three Rivers Hospital	Med-Surg	25	1,282	9,125	14.0	25	9,125	14.0	372	3.4	4
Montgomery	Gateway Medical Center	Med-Surg	220	36,792	80,300	45.8	270	98,550	37.3	9,784	3.8	101
Robertson	NorthCrest Medical Center	Med-Surg	66	12,263	24,090	50.9	109	39,785	30.8	2,937	4.2	34
Rutherford	Saint Thomas Rutherford Hospital	Med-Surg	285	58,744	104,025	56.5	286	104,390	56.3	15,642	3.8	161
	TriStar StoneCrest Medical Center	Med-Surg	109	17,480	39,785	43.9	109	39,785	43.9	5,277	3.3	48
	Trustpoint Hospital	Other	96	21,095	35,040	60.2	96	35,040	60.2	2,418	8.7	58
Sumner	Portland Medical Center	Other	0	0	0	--	38	13,870	0.0	0	#Num!	0
	Sumner Regional Medical Center	Med-Surg	155	36,733	56,575	64.9	155	56,575	64.9	8,142	4.5	101
	TriStar Hendersonville Medical Center	Med-Surg	99	19,295	36,135	53.4	110	40,150	48.1	5,692	3.4	53
Trousdale	Trousdale Medical Center	Other	12	2,133	4,380	48.7	25	9,125	23.4	450	4.7	6
Williamson	Williamson Medical Center	Med-Surg	185	29,465	67,525	43.6	185	67,525	43.6	7,989	3.7	81
Wilson	McFarland Hospital	Psych	75	9,055	27,375	33.1	75	27,375	33.1	1,036	8.7	25
	University Medical Center	Med-Surg	170	21,559	62,050	34.7	170	62,050	34.7	4,638	4.6	59
		MENTAL HEALTH INSTITUTES, MENTAL HEALTH CENTERS										
REGION TOTAL			111	29,879	40,515	73.7	111	40,515	73.7	3,503	8.5	82
Montgomery	Behavioral Healthcare Center at Clarksville	Psych	26	5,213	9,490	54.9	26	9,490	54.9	318	16.4	14
Williamson	Rolling Hills Hospital	Psych	85	24,666	31,025	79.5	85	31,025	79.5	3,185	7.7	68

-- indicates that value could not be calculated

REPORT 2A
REPORT FOR HOSPITALS 2013

HOSPITALS LICENSED IN TENNESSEE
SELECTED UTILIZATION BY TYPE OF HOSPITAL

MID-CUMBERLAND REGION

County	Facility	Type of Service	Staffed Beds	Discharge/ Inpatient Days	Staffed Bed Days Open	Staffed Beds Percent Occupancy	Licensed Beds	Licensed Bed Days Open	Licensed Beds Percent Occupancy	Discharges or Admissions	Average Length of Stay	Average Daily Census
		GENERAL HOSPITALS, SPECIALTY HOSPITALS, MEDICAL CENTERS										
REGION TOTAL			1,602	286,264	584,730	49.0	1,837	670,505	42.7	69,510	4.1	784
Cheatham	TriStar Ashland City Medical Center	Med-Surg	12	1,397	4,380	31.9	12	4,380	31.9	197	7.1	4
Dickson	TriStar Horizon Medical Center	Med-Surg	120	18,892	43,800	43.1	157	57,305	33.0	4,533	4.2	52
Houston	Houston County Community Hospital	Med-Surg	25	2,454	9,125	26.9	25	9,125	26.9	616	4.0	7
Humphreys	Three Rivers Hospital	Med-Surg	25	1,420	9,125	15.6	25	9,125	15.6	404	3.5	4
Montgomery	Gateway Medical Center	Med-Surg	220	36,609	80,300	45.6	270	98,550	37.1	9,804	3.7	100
Robertson	NorthCrest Medical Center	Med-Surg	66	13,916	24,090	57.8	109	39,785	35.0	3,230	4.3	38
Rutherford	Saint Thomas Rutherford Hospital	Med-Surg	268	63,503	97,820	64.9	286	104,390	60.8	16,176	3.9	174
	TriStar StoneCrest Medical Center	Med-Surg	109	16,254	39,785	40.9	109	39,785	40.9	5,124	3.2	45
	Trustpoint Hospital	Other	86	14,232	31,390	45.3	86	31,390	45.3	1,516	9.4	39
Sumner	Portland Medical Center	Other	0	0	0	--	38	13,870	0.0	0	#Num!	0
	Sumner Regional Medical Center	Med-Surg	133	32,682	48,545	67.3	155	56,575	57.8	7,529	4.3	90
	TriStar Hendersonville Medical Center	Med-Surg	97	20,567	35,405	58.1	110	40,150	51.2	5,828	3.5	56
Trousdale	Trousdale Medical Center	Other	11	1,880	4,015	46.8	25	9,125	20.6	427	4.4	5
Williamson	Williamson Medical Center	Med-Surg	185	30,171	67,525	44.7	185	67,525	44.7	7,981	3.8	83
Wilson	McFarland Hospital	Psych	75	9,864	27,375	36.0	75	27,375	36.0	1,065	9.3	27
	University Medical Center	Med-Surg	170	22,423	62,050	36.1	170	62,050	36.1	5,080	4.4	61
		MENTAL HEALTH INSTITUTES, MENTAL HEALTH CENTERS										
REGION TOTAL			106	30,643	38,690	79.2	106	38,690	79.2	3,384	9.1	84
Montgomery	Behavioral Healthcare Center at Clarksville	Psych	26	6,486	9,490	68.3	26	9,490	68.3	326	19.9	18
Williamson	Rolling Hills Hospital	Psych	80	24,157	29,200	82.7	80	29,200	82.7	3,058	7.9	66

-- indicates that value could not be calculated

SUPPLEMENTAL #2
July 31, 2017
9:33 am

Attachment 2

JUL 31 '17 AM 9:33

SUPPLEMENTAL #2
July 31, 2017
9:33 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Saint Thomas Rutherford Hospital

I, Blake Estes, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Executive Director, Planning
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 31 day of July, 2017, witness my hand at office in the County of Davidson, State of Tennessee.

Diane Franklin
NOTARY PUBLIC

My commission expires 01/09, 2018.

HF-0043

Revised 7/02

DIANE FRANKLIN
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Tennessean (Name of Newspaper) which is a newspaper of general circulation in Rutherford & Surrounding (County), Tennessee, on or before 07/10 (Month / day), 2017 (Year), for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Saint Thomas Rutherford Hospital (Name of Applicant) Hospital Provider (Facility Type-Existing)

owned by: Saint Thomas Health with an ownership type of not-for-profit

and to be managed by: Saint Thomas Rutherford Hospital intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: the expansion of its existing acute care services by seventy-two (72) beds at 1700 Medical Center Parkway in Murfreesboro, TN, 37129 (Rutherford County). The project involves the construction of 52,000 square feet of new hospital space. No major medical equipment is involved. Total project costs are estimated to be $47,478,943.

The anticipated date of filing the application is: July 14, 2017

The contact person for this project is Blake Estes (Contact Name) Executive Director (Title)

who may be reached at: Saint Thomas Health (Company Name) 102 Woodmont Blvd., Suite 800 (Address)

Nashville (City)	TN (State)	37205 (Zip Code)	615 / 222-7235 (Area Code / Phone Number)

(Signature) 7/10/17 (Date) Blake.Estes@sth.org (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY

CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA

TABLE OF CONTENTS

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

(1) Need. The health care needed in the area to be served may be evaluated upon the following factors:

(a) The relationship of the proposal to any existing applicable plans;

(b) The population served by the proposal;

(c) The existing or certified services or institutions in the area;

(d) The reasonableness of the service area;

(e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;

(f) Comparison of utilization/occupancy trends and services offered by other area providers;

(g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.

(2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:

(a) Whether adequate funds are available to the applicant to complete the project;

(b) The reasonableness of the proposed project costs;

(c) Anticipated revenue from the proposed project and the impact on existing patient charges;

(d) Participation in state/federal revenue programs;

(e) Alternatives considered; and

(f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(Rule 0720-11-.01, continued)

(3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:

(a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

(b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

(c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

(d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

(e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

(f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

(g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

(i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;

(ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;

(iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;

(iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;

(v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

(Rule 0720-11-.01, continued)

(vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;

(vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;

(viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;

(ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;

(x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;

(xi) Participation in the National Burn Repository, for Burn Unit projects;

(xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and

(xiii) Participation in the National Palliative Care Registry, for Hospice projects.

(h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

(i) For Cardiac Catheterization projects:

1. Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;

2. Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and

3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).

(j) For Open Heart projects:

1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;

2. Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;

3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard);

(k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);

(l) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;

(m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;

(n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;

(o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);

(p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;

(q) For Inpatient Psychiatric projects:

1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;

2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and

3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.

(r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;

(s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and

(t) For Relocation and/or Replacement of Health Care Institution projects:

1. For hospital projects, Acute Care Bed Need Services measures are applicable; and

2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.

(u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.

(v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.

(w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.

(4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);

(b) The positive or negative effects attributed to duplication or competition; and

(Rule 0720-11-.01, continued)

(c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.

(5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:

(a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.

(b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

(c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.

(d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

(6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: *T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043.* ***Administrative History:*** *Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.*

CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954

DATE: September 30, 2017

CON# 1707-021

APPLICANT: St. Thomas Rutherford Hospital
1700 Medical Center Parkway
Murfreesboro, Tennessee 37129

CONTACT PERSON: Blake Estes
Saint Thomas Health
102 Woodmont Blvd., Suite. 800
Nashville, Tennessee 37205

COST: $47,478,943

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

Saint Thomas Rutherford Hospital(STRH) seeks certificate of need approval for the expansion of its existing acute care services by the addition of 72 beds to their main campus at 1700 Medical Center Parkway in Murfreesboro, Tennessee 37219. The project involves the construction of 52,000 square feet of new hospital space. Currently, the hospital has 286 licensed beds. If approved, the facility will have a total of 358 licensed beds.

Saint Thomas Rutherford County is owned by Saint Thomas Health. Saint Thomas is part of Ascension, the largest nonprofit health system in the United States and the world's largest Catholic health system.

The total project cost is $47,478,943 and will be funded through cash reserves as attested to in Attachment Section B-B5.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

NEED:

The applicant's service area includes Rutherford, Bedford, Cannon, Coffee, and Warren counties.

	2017	2021	% Increase
Rutherford	328,279	367,508	11.9%
Bedford	50,845	54,178	6.6%
Cannon	14,562	14,916	2.4%
Coffee	56,423	58,331	3.4%
Warren	41,019	41,578	1.4%
Total	**491,128**	**536,511**	**9.2%**

Tennessee Population Projections 2000-2021, 2015 Revised UTCBER, Tennessee Department of Health

The applicant, Saint Thomas Rutherford Hospital (STRH), seeks to expand the number of acute care beds due to their high utilization of existing beds. STRH is located in the Rutherford County, the fastest growing county in Tennessee. Rutherford County is recognized as the primary service area, with Bedford, Cannon, Coffee, and Warren counties as secondary services areas.

In 2010, STRH opened a replacement hospital at its current location, 1700 Medical Center Parkway, Murfreesboro, TN. Despite the new enlarged facility, bed utilization has been very high. With even a modest 1% increase, assuming the current bed need, STRH projects their med-surg bed utilization will be running at near 98% by 2019. The goal of this project is to add enough beds to reduce the utilization rate to a more manageable 80%.

The applicant sights the following factors for their high medical-surgical bed utilization rates:

1. Increased inpatient utilization from Rutherford County
2. Increasing inpatient utilization from throughout the region
3. Increased observation patient utilization
4. Increased observation utilization exceeding 24 hours

STRH operates one of the busiest Emergency Departments in Tennessee with more than 90,000 patient visits in 2016. Besides the vast increase in county population, Murfreesboro Medical Clinic, the largest physician group in the community continues to add providers to its staff and averages more than 1,400 new patients per month. These new patients continue to increase referrals and bed utilization for STRH.

On a typical day, STRH has approximately 190 inpatients and another 60 outpatients (observation, surgical 23-hours stays) occupying beds. While the inpatient bed utilization resides near 60%-70%, accounting for the outpatients in beds drives total bed utilization closer to 90%. There is a continued push among government and commercial payors to reduce inpatient hospital stays, resulting in a large increase in 24+ hour observations with patients occupying beds. The applicant provides a chart on page 4 of the application, sourced from internal financial reporting data outlining Average Daily Census and Occupancy rates.

	Daily Inpatient Census	Outpatients In A Bed	Actual Daily Total Census
FY2016	63,674	24,772	88,446
Average Daily Census	174	68	242
Occupancy	60.8%	23.7%	84.5%
Last 12 Months	68,706	22,180	90,886
Average Daily Census	188	61	249
Occupancy	65.8%	21.2%	87.1%

Source: STRH Internal Financial data, page 4 of the application

Service Area Occupancy Rates

Facility	County	Licensed Beds	Staffed Beds	Inpatient Days	Licensed Beds Occupancy	Staffed Beds Occupancy
Heritage Medical Center	Bedford	60	52	5961	27.2%	31.4%
Stones River Hospital	Cannon	60	50	5469	25.0%	30.0%
United Regional Medical Ctr.	Coffee	49	36	3768	21.1%	28.7%
Harton Regional Medical Ctr.	Coffee	135	115	20532	41.7%	48.9%
Saint Thomas Rutherford	Rutherford	286	285	63,688	61.0%	61.2%
TriStar StoneCrest	Rutherford	109	109	18,252	45.9%	45.9%
TrustPoint Hospital	Rutherford	101	100	26,613	72.2%	72.9%
Saint Thomas River Park	Warren	125	125	10,204	22.4%	22.4%
		925	**872**		**46.3%**	**49.1%**

Source: 2015 Joint Annual Report for Hospitals

Acute Care Bed Need Projections for 2017 and 2021, Based On 2015 Hospital JAR

COUNTY	2015		CURRENT	PROJECTED		PROJECTED		2015 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC	NEED	ADC-2017	NEED 2017	ADC-2021	NEED 2021	LICENSED	STAFFED	LICENSED	STAFFED
Bedford	6,017	17	26	17	27	18	28	60	52	-32	-24
Cannon	5,338	15	24	15	24	15	24	60	50	-36	-26
Coffee	26,086	72	91	73	93	75	95	209	163	-114	-68
Rutherford	108,244	297	371	312	390	344	430	496	494	-66	-64
Warren	11,920	33	46	33	46	33	47	125	125	-78	-78

Source: 2015 Joint Annual Report for Hospitals

This project is the first hospital expansion application filed since the replacement hospital was completed and is consistent with the long range goals to maximize resources. There are no outstanding or unimplemented certificates of need projects for the applicant.

TrustPoint Hospital located in Murfreesboro (Rutherford County) has 28 beds yet to be implemented in CN1506-006A and 88 beds yet to be implemented in CN1606-024A. No other hospital has unimplemented projects in the service area. These beds are comprised of Medical detox, adult psychiatric, geriatric psychiatric, physical rehabilitation, adolescent psychiatric and child psychiatric beds.

Additionally, the applicant provides excerpts from CN1606-024A TrustPoint Hospital increase of 88 beds, "However, the beds requested are not general med-surg beds, but will be utilized as psychiatric and rehab beds." "Importantly, the services provided at TrustPoint Hospital are a direct and natural complement to the important and life sustaining services provided at St. Thomas Rutherford Hospital. TrustPoint Hospital and St. Thomas Rutherford Hospital do not, in any way, compete for services."

The applicant maintains that the TrustPoint projects are distinctly different than the STRH acute medical-surgical bed project due to the separate services offered at each facility. And, that the approval of the TrustPoint projects continues to address the population growth in the area and supports the need for the requested STRH beds.

TENNCARE/MEDICARE ACCESS:

STRH provides care to all patients regardless of race, sex, ethnicity or income including contracting with Medicare and TennCare/Medicaid. The table below shows the applicants projected payor mix for year one of the project.

Payor Source	Projected Operating Revenue	% Of Total Revenue
Medicare	$705,858,825	46.7%
TennCare/Medicaid	$155,681,925	10.3%

The applicant provides an extensive list of managed care providers currently contracted as part of the Saint Thomas Health network on pages 46-R and 47 of Supplemental 1.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of

utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Projected Costs Chart is located on page 36 of the application, which outlines a total project cost of $47,478,943, consisting mainly of architectural and engineering fees, construction costs, fixed and moveable equipment, and furnishings. While the cost per square footage is high comparable to other expansion projects at $427/sq.ft, it is within normal costs for vertical type expansions as verified by a Construction Cost Verification Letter, Attachment Section B-A5.5

Historical Data Chart: the historical data chart is located on page 38 of Supplemental 1, detailing a 37% increase in patient days from 2014 to 2016.

	Year 2014	Year 2015	Year 2016	% change
Patient Days	57,127	66,567	78,502	+37%
Net Operating Rev	$257,009,175	$285,292,354	$304,088,468	
Net Income	$38,310,185	$45,868,852	$52,958,374	

Projected Data Chart: The Projected Data Chart is located on page 41-R in Supplemental 1 of the application.

	Year 2020	Year 2021	% change
Patient Days	80,924	82,089	+1.4
Net Operating Rev	$338,631,000	$350,113,000	
Net Income	$57,993,000	$58,584,000	

The applicant projects their average gross charges to be $18,678 and $19,597 in years one and two of the project. Average deductions are projected of $14,493 and $15,332, with average net charges of $4,185 and $4,265 in years one and two of the project respectively. Year two average net charges represent a 10.1% increase over the current 2017 net charges. But, comparing average net charges from 2016 to year two of the project, there will be a modest 0.1% increase.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The STRH replacement hospital was designed for vertical expansion above the existing patient bed tower. This tower is configured with 36 beds per floor. This project would add sixth and seventh floors atop the current fifth floor with the same 36 patient bed configuration. While the cost per square foot is high compared to other bed expansion projects at $427/sq. ft., it is within the normal range of construction costs for vertical type building expansion. Vertical expansion is unique as the construction is atop a fully functioning hospital. This requires many costly factors and cannot be compared to other types of hospital expansion. STRH was initially designed for vertical expansion was deemed the most efficient alternative to address increased bed expansion.

This expansion is part of a specialty inpatient unit intended to meet the needs of both the traditional inpatient and extended stay outpatients. These long stay outpatients require monitoring, staffing, and facilities comparable to a traditional inpatient. With the governmental and commercial payors continuing to implement increased pressure to reduce inpatient stays, placing observation patients of more than 36 hours in traditional observation units simply is not the standard of care needed.

STRH is currently staffed for a census of 277 patients. A census of 285 patients is projected for Year 2 of the project and will require approximately 31 more clinical FTEs than are currently on staff.

Through a partnership with the University Of Tennessee College Of Medicine, STRH's emergency department is the home for the UT Emergency Medicine Residency Program.

QUALITY MEASURES:
The applicant has provided a copy of their latest Joint Commission survey, which was approved for accreditation on January 14, 2016 and is valid for 36 months.

The applicant is licensed by the Tennessee Department of Health, license number 0000000100.

STRH participates in extensive training and clinical affiliations. A detailed listing is supplied in Attachment Sections B-C3

STRH provides a Quality Management Plan in Attachment Section B-C2

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

ACUTE CARE BED NEED SERVICES

1. The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year:

   Using the latest utilization and patient origin data from the Joint Annual Report of Hospitals and the most current population projection series from the Department of Health, perform the following:

   Step 1

   Determine the current Average Daily Census (ADC) in each county.

   $$ADC = \frac{\text{Patient Days}}{\text{365 (366 in leap year)}}$$

   Step 2

   To determine the service area population (SAP) in both the current and projected year:

   a. Begin with a list of all the hospital discharges in the state, separated by county, and showing the discharges both by the county where the patient actually lives (resident discharges), and the county in which the patient received medical treatment.

   b. For the county in which the hospital is (or would be) located (service county), determine which other counties have patients who are treated in your county (resident counties). Treat all of the discharges from another state as if that whole state were a single resident county. The total discharges of residents from

another state should be calculated from state population estimates and the latest National Center for Health Statistics southeastern discharge rates.

c. For each resident county, determine what percent of their total resident discharges are discharged from a hospital in your service county (if less than one percent, disregard).

d. For each resident county, apply the percentage determined above to the county's population (both projected and current). Add together the resulting numbers for all the resident counties and add that sum to the projected and current population of your service county. This will give you the service area population (SAP).

Step 3

Determine projected Average Daily Census as:

$$\text{Projected ADC} = \text{Current ADC X } \frac{\text{Projected SAP}}{\text{Current SAP}}$$

Step 4

Calculate Projected Bed Need for each county as:

Projected Need = Projected ADC + 2.33 x √Projected ADC

However, if projected occupancy:

$$\text{Projected Occupancy: } \frac{\text{Projected ADC}}{\text{Projected Need}} \text{ x } 100$$

is greater than 80 percent, then calculate projected need:

$$\text{Projected Need} = \frac{\text{Projected ADC}}{.8}$$

2. New hospital beds can be approved in excess of the "need standard for a county" if the following criteria are met:
   a) All existing hospitals in the projected service area have an occupancy level greater than or equal to 80 percent for the most recent Joint Annual Report. Occupancy should be based on the number of licensed beds that are staffed for two consecutive years.

Acute Care Bed Need Projections for 2017 and 2021, Based On 2015 Hospital JAR

COUNTY	2015		CURRENT	PROJECTED		PROJECTED		2015 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC	NEED	ADC-2017	NEED 2017	ADC-2021	NEED 2021	LICENSED	STAFFED	LICENSED	STAFFED
Bedford	6,017	17	26	17	27	18	28	60	52	-32	-24
Cannon	5,338	15	24	15	24	15	24	60	50	-36	-26
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Rutherford	108,244	297	371	312	390	344	430	496	494	-66	-64
Warren	11,920	33	46	33	46	33	47	125	125	-78	-78

The applicant states STRH should be given special consideration due to the following factors:

1. *Increased inpatient utilization from Rutherford County*
2. *Increasing inpatient utilization from throughout the region*
3. *Increased observation patient utilization*
4. *Increased observation utilization exceeding 24 hours*

b) All outstanding CON projects for new acute care beds in the proposed service area are licensed.
TrustPoint Hospital located in Murfreesboro (Rutherford County) has 28 beds yet to be implemented in CN1506-006A and 88 beds yet to be implemented in CN1606-024A. No other hospital has unimplemented projects in the service area. These beds are comprised of Medical detox, adult psychiatric, geriatric psychiatric, physical rehabilitation, adolescent psychiatric and child psychiatric beds.

c) The Health Facilities Commission may give special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

The applicant is seeking approval under the special consideration guideline. On a typical day STRH has approximately 190 inpatients, and approximately 60 observation patients that may stay more than 36 hours, producing occupancy rates of near 90%.

STRH qualifies as a tertiary care hospital based on the following advanced service offerings:

1. *Thoracic Surgery*
2. *Interventional Cardiology, Electrophysiology, and Heart Failure Medicine, Nuclear cardiology subspecialties*
3. *Vascular and Interventional Radiology*
4. *Medical Residency training program for Emergency Medicine and Family Medicine*
5. *Interventional Gastroenterology*
6. *GYN Oncology*
7. *Neurology/Neurosurgery*
8. *Maternal-Fetal Medicine*
9. *Neonatal*
10. *Vascular Surgery*
11. *Infectious Disease*
12. *Radiation Oncology*
13. *Palliative Medicine*

STRH provides a chart on page 18 of the application outlining their secondary service area patient volume continues to increase, as well as increases in the tertiary service area counties.

As part of their regionalization strategy, STRH is the referral hub for the Saint Thomas Health Regional Hospital network accepting referrals from:

- *Saint Thomas DeKalb Hospital*
- *Saint Thomas Highlands Hospital*
- *Saint Thomas River Park Hospital*
- *Saint Thomas Stones River Hospital*